SIMBA CEMENT
STRENGTH WITHIN

TANGA CEMENT PLC

2018
ANNUAL REPORT
TAARIFA YA MWAKA

Our Heritage, Our Pride

SIMBA CEMENT
STRENGTH WITHIN

JNIA AIRPORT, Dar Es Salaam
The first Airport in Tanganyika, ***Mkeja Airport*** *was built at Kurasini in Temeke District.*

Tanga Cement PLC

ANNUAL REPORT 2018
Our Heritage, Our Pride

SIMBA CEMENT
STRENGTH WITHIN

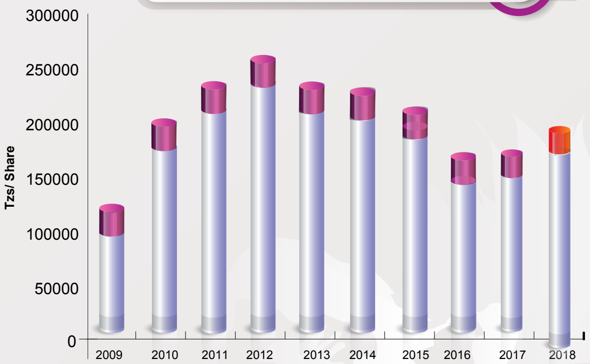
Contents
Yaliyomo

StateHouse/ Governors residence, Dar Es Salaam
Built on the remains of the original building that was the destroyed 1914

Financial Summary

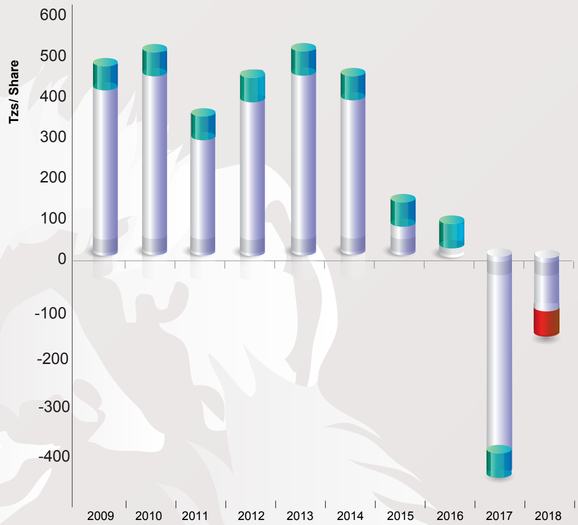
Dividend per share: 2017 : TZS 25
2018 : TZS 0.00

Revenue



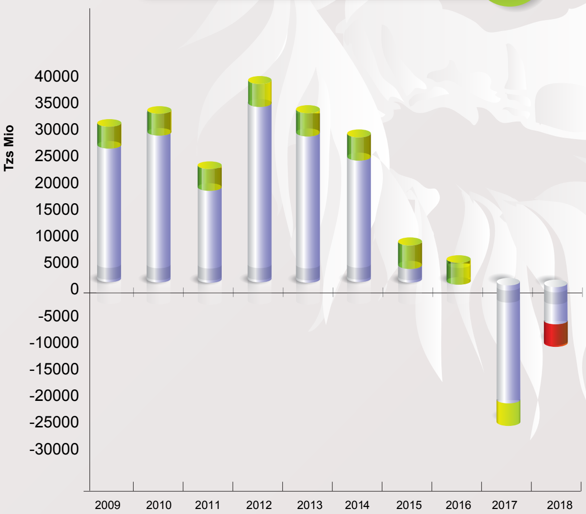
Year	Tzs Millions	Year	Tzs Millions
2009	119,898.00	2014	232,100.72
2010	199,428.26	2015	209,116.05
2011	233,863.26	2016	166,975.48
2012	257,921.83	2017	171,744.72
2013	233,060.60	2018	214,922.90

Earning per share



Year	Tzs	Year	Tzs
2009	477.77	2014	446.00
2010	512.00	2015	131.00
2011	350.00	2016	68.00
2012	555.00	2017	-418.31
2013	505.00	2018	-178.80

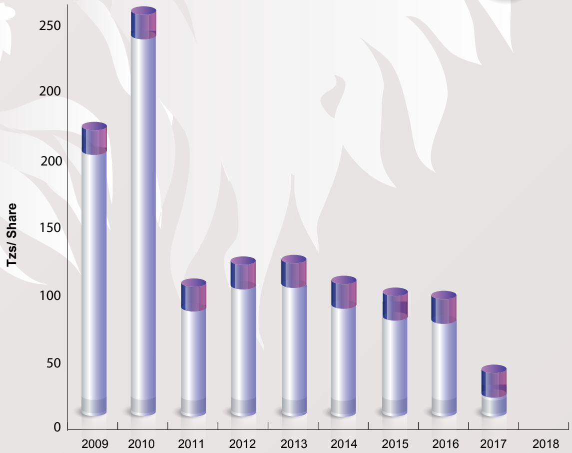
Profit after taxation



Tzs Million

Year	Tzs Millions	Year	Tzs Millions
2009	30,420	2014	28,401
2010	32,574	2015	8,242
2011	22,291	2016	4,261
2012	37,113	2017	-26,340
2013	32,165	2018	-11,259

Dividend per share



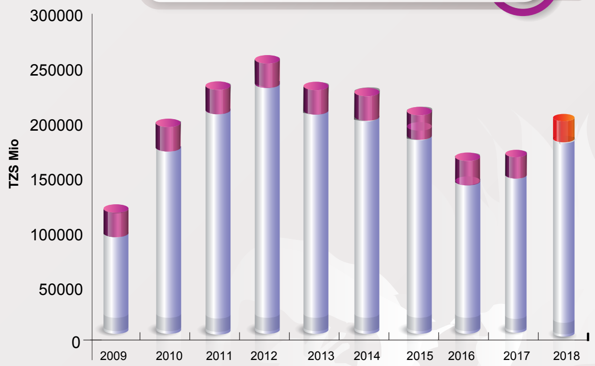
Year	Tzs	Year	Tzs
2009	179.00	2014	120.00
2010	247.00	2015	80.00
2011	86.00	2016	80.00
2012	100.00	2017	25.00
2013	110.00	2018	0.00

SIMBA CEMENT
STRENGTH WITHIN

Gawio kwa Hisa: 2017 : TZS 25
2018 : TZS 0.00

Vidokezo vya Mapato

Mapato



Mwaka	TZS Milioni	Mwaka	TZS Milioni
2009	119,898.00	2014	232,100.72
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2011	233,863.26	2016	166,975.48
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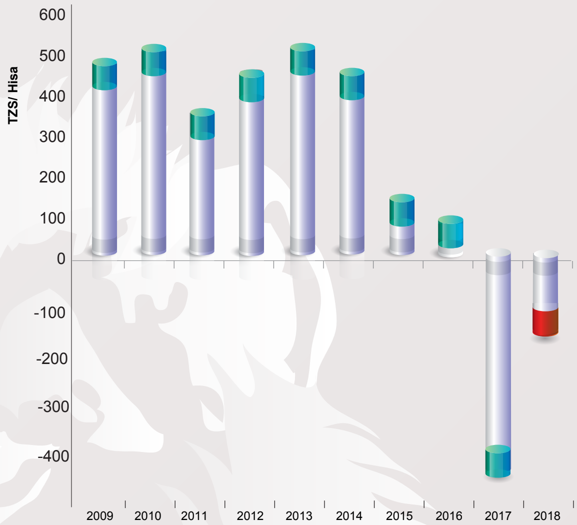
Mapato kwa Hisa



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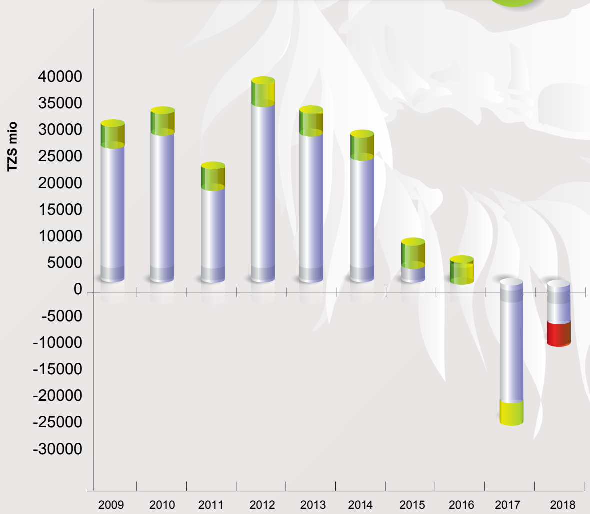
2012	555.00	2017	-418.31
2013	505.00	2018	-178.80

Faida baada ya Kodi



Tzs Milioni

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2012	37,113	2017	-26,340
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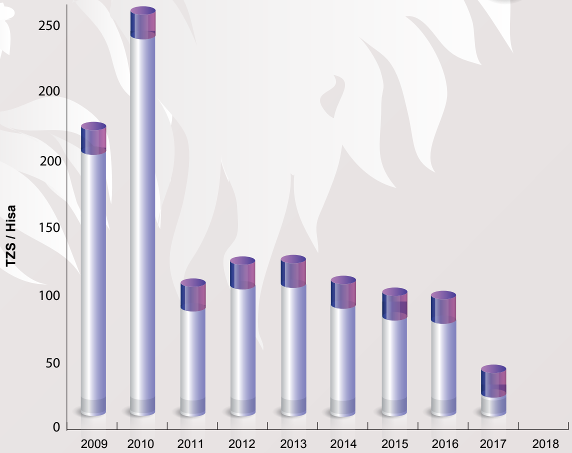
Gawio kwa Hisa



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Maelezo mafupi kuhusu Wakurugenzi | Directors' Profiles

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

Lawrence Masha (48)
Board Chairperson
LLM (International & Comparative Law)
Tanzanian

- Mr Masha is the managing partner of Gabriel and Co. Attorneys
- He has close to twenty years of experience of law specialised in banking and finance
- Was a founder and Managing Partner of IMMA Advocates from 2012 to 2015
- Director of Fastjet Tanzania Limited
- Director of Newforest Tanzania Limited
- Former minister of energy and minerals and later on as the minister of home affairs 2000-2010
- He was recognized as a Young Global Leader by the World Economic Forum in 2009

Mwenyekiti
LLM (Kimataifa & Sheria Linganishi)
Mtanzania

- Bw Masha ni Mkurugenzi Mtendaji mwenza wa Gabriel and Co. Attorneys
- Ana uzoefu wa karibu miaka ishirini katika sheria na amebobea katika sheria za benki na fedha
- Alikuwa Mkurugenzi Mtendaji Mwenza na mwanzilishi wa IMMA Advocates tangu mwaka 2012 mpaka 2015
- Mkurugenzi wa Fastjet Tanzania Limited
- Mkurugenzi wa Newforest Tanzania Limited
- Waziri wa zamani wa nishati na madini na baadaye waziri wa mambo ya ndani 2000-2010
- Alitambulika kama mmoja wa viongozi vijana duniani katika Baraza la Uchumi la Dunia mwaka 2009

Reinhardt Swart (45)
Managing Director
Bsc.(Mechanical Engineering),
South African

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

Mkurugenzi mtendaji
Shahada (Mhandisi Mitambo)
Mwafrika Kusini

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

Maelezo mafupi kuhusu Wakurugenzi | Directors' Profiles

Pieter de Jager(47)
Chief Financial Officer
(Executive)

B.Comm Accounting; B.Compt (Hons)/CTA; MBA

South African

- Pieter has over 20 years senior management experience including major listed companies in various sectors.
- He worked in senior financial management and executive positions in the Electrical Engineering, FMCG, Supply Chain, Freight Logistics & Warehousing- and the Mining sectors in various countries in Southern, Central and West Africa
- Was the Group CFO for the Jonah Capital Group (including Jonah Mining)
- Prior to joining Tanga Cement PLC, he has held the position of Group CFO and director of Andulela Investment Holdings Ltd (JSE listed)
- Mr de Jager has also had significant experience working with junior mining companies listed on the TSX and ASX.

Afisa Mkuu wa fedha
B. Com, Accounting; B. Compt (Hons) CTA; MBA
Mwafrika Kusini

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

Patrick Rutabanzibwa(63)
Deputy Charmain
(Independent Non-Exceutive)

Msc Chemical Engineering

Tanzanian

- Patrick is the Country Chairman of PanAfrican Energy,
- Member of the Board of Directors for the National Housing Corporation (NHC),
- Mr Rutabanzibwa served as Principal Secretary for ministries of Energy and Minerals, Lands, Housing and Human Settlement Development, Home Affairs and Ministry of Water.

Si-Mtendaji
Shahada ya uhandisi kemikali
Mtanzania

- Bw Rutabanzibwa ni mwenyekiti wa nchi wa PanAfrican energy na mkurugenzi wa bodi Shirika la Nyumba la Taifa (NHC)
- Alikuwa ni Katibu Mkuu wa wizara ya Nishati na Madini, Wizara ya ardhi, Nyumba na Maendeleo ya Makazi, Wizara ya Mambo ya Ndani na pia Wizara ya Maji

Maelezo mafupi kuhusu Wakurugenzi | Directors' Profiles

Khamis Omar (54)
(Independent Non-Executive)
Msc (Development Studies), PGD (Business Administration); Advanced Diploma (Tax Management)
Tanzanian

- Mr Omar is the Principal Secretary in the President's Office - Finance, Economy and Development Planning in Zanzibar
- He serves on various boards including the Zanzibar Revenue Board Bank of Tanzania and the Tanzania Revenue Authority

Si-Mtendaji
Msc (Mitaala ya Mendeleo); Advanced Diploma (Usimamizi wa Kodi); PGD(Utawala wa Biashara)
Mtanzania

- Bw Omar ni Katibu Mkuu Ofisi ya Rais – Fedha, Uchumi na Mipango ya Maendeleo, Zanzibar
- Ni mjumbe katika bodi mbalimbali ikiwemo ya Mapato Zanzibar, Benki kuu ya Tanzania na Mamlaka ya Mapato Tanzania

Rob Wessels (44)
Acting Chief Executive Officer
B.Com, LLB ; CFA Charterholder
South African

- Mr Wessels was appointed Acting Chief Executive Officer of AfriSam in March 2017
- Previously he was the Head of Advisory as well as the Head of Corporate Finance at Nedbank Capital
- He is a long-standing Non-Executive Member of AfriSam's Board of Directors and was integral to the financial restructuring of AfriSam and Phembani acquiring a 31% shareholding in AfriSam

Kaimu Afisa Mkuu
B.Com, LLB; CFA Charterholder.
Mwafrika Kusini

- Bw Wessels ameteuliwa kuwa kaimu mkuu wa AfriSam mwezi machi 2017
- Amewahi kushika nyadhifa mbalimbali kama vile mshauri mkuu na Mkuu wa fedha Nedbank capital
- Ni mmoja wa wakurugenzi wa muda mrefu was Bodi ya AfriSam na alihusika katika muungano wa AfriSam na Phembani ambapo walichukua asilimia 31 za gawio la AfriSam

Raymond Mbilinyi (54)
(Independent Non-Executive)
BSc in Engineering; MBA in Marketing, Certified Project Manager
Tanzanian

- Mr Mbilinyi is the Executive Secretary of Tanzania National Business Council (TNBC)
- He is a Board Member in the Tanzania Industries Licensing Board (BRELA) Victoria Microfinance Co and the Tanzania Private Sector Foundation (TPSF)
- He has over 19 years of professional experience in Africa

Si-Mtendaji
Shahada ya uhandisi, Mtalaam wa masoko, Meneja wa Miradi aliyethibitishwa
Mtanzania

- Bw Mbilinyi ni Katibu Mtendaji wa Baraza la Taifa la Biashara(TNBC)
- Ni mkurugenzi wa bodi mbalimbali zikiwemo Tanzania Industries Licensing Board (BRELA), Victoria Microfinance Company na Tanzania Private Sector Foundation (TPSF).
- Ana ujuzi wa zaidi ya miaka kumi na tisa barani afrika

Maelezo mafupi kuhusu Wakurugenzi | Directors' Profiles

Trevor Wagner (71)
(Independent Non-Executive)
CA (SA), MBL
South African

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

Ni wa kujitegemea, Si-Mtendaji
CA(SA), MBL
Mwafrika Kusini

- Bw Wagner ni Mkurugenzi asiye mtendaji wa makampuni mbalimbali ikiwa ni pamoja na Xuba Polymer Industries
- Awali alikuwa Mkurugenzi wa fedha wa Kampuni iliyojulikana kama Alpha Cement Group, ambayo baadaye ilibadilika na kuwa AfriSam
- Alisimamia ununuaji wa kampuni ya Alpha upande wa usimamizi
- Alikuwa ni mwanahisa na naibu mtendaji mkuu wa Indwala, anaye wajibika na fedha, utawala, rasilimali watu na mkakati wa biashara
- Alishika nyadhifa mbalimbali katika kundi la makampuni ya Alpha Cement
- Ni Mwenyekiti wa zamani wa SAICA (South African Institute of Chartered Accountants) ya mkoa wa Kaskazini na mkurugenzi wa zamani wa bodi ya Taifa ya SAICA ya Afrika Kusini
- Bw. Wagner aliwahi kuwa Mwenyekiti wa bodi ya Idwala Provident Fund.

Leon Serfontein(44)
(Non – Executive),
B. Com(Hons) Accounting, CA(SA)
South African

- Mr Serfontein has been employed by AfriSam from 1 July 2000. He has been with AfriSam South Africa for more than 18 years.
- He is the Chief Financial Officer for AfriSam since 1 November 2013
- Executive director of AfriSam Group and a director for various companies within the AfriSam Group.
- Trustee and Chairman of the AfriSam (South Africa) Properties Rehabilitation Trust and has been a Trustee of the AfriSam South Africa Provident Fund for the past 15 years
- Leon previously held the position of Financial Manager for AfriSam South Africa and acting Chief Financial Officer for AfriSam South Africa.
- He served in various positions within the organisation including Financial Controller cement & commercial, Financial Controller - corporate.
- Prior to joining AfriSam he completed his articles at KPMG

Si-Mtendaji
B. Com(Hons) Accounting, CA(SA)
Mwafrika Kusini

- Bw Serfontein aliajiriwa na AfriSam kuanzia tarehe 1 July 2000. Amefanyakazi AfriSam kwa muda wa miaka 18.
- Aliteuliwa kuwa Mkuu wa Fedha wa AfriSam kuanzia tarehe 1 Novemba 2013.
- Leon ni mkurugenzi mtendaji wa bodi ya kundi la makampuni ya AfriSam na mkurugenzi wa bodi katika makampuni tofauti ndani ya kundi la makampuni ya AfriSam.
- Ni mdhamini na mwenyekiti wa mfuko wa ukarabati wa majengo na amekuwa mdhamini wa mfuko wa akiba ya uzeeni wa AfriSam kwa muda wa miaka 15.
- Aliwahi kushika nafasi ya meneja wa fedha wa AfriSam.
- Alikaimu nafasi ya mkuu wa fedha wa AfriSam. Pia ameshika nyadhifa mbali mbali ndani ya kampuni ikiwa ni pamoja na mdhibiti wa fedha upande wa simenti na biashara na mdhibiti fedha wa kampuni.
- Kabla ya kujiunga AfriSam, alikuwa amemaliza andiko lake akiwa KPMG.

Quresh Ganijee (36)
Company Secretary ICSA
Tanzanian

- Mr Ganijee previously served in various positions such as Assistant Company Secretary, Cost Accountant and Payroll Administrator
- He is the registered member of ICSA (Institute of Chartered Secretaries and Administrators)
- Mr Ganijee has more than 10 years' experience in the cement manufacturing sector

Katibu wa Kampuni
ICSA
Mtanzania

- Bw Ganijee amewahi kushika nyadhifa mbalimbali kama vile, Katibu wa Kampuni Msaidizi, Mhasibu wa gharama na Msimamizi wa mambo ya mishahara
- Bw Ganijee ana uzoefu wa zaidi ya miaka kumi katika tasnia ya Saruji

Chairman's Statement

Advocate Lau Masha
Chairman of the Board

"The average annual headline inflation rate decreased to 3.1% in 2018 from 4.5% in 2017 as a result of governments' fiscal and monetary policies"

Chairman's Statement

Introduction
Dear shareholders, we hereby present the audited trading results of Tanga Cement Public Limited Company ("Tanga Cement" or the "company") and its subsidiaries (together, the "group") for the year ended 31 December 2018.

Tanga Cement is pleased to report that the full year results of 2018 showed a significant improvement over the prior year.

Cement demand in the construction industry continued to be robust in 2018 and the company managed to maintain and improve its operating efficiencies and supply to the market.

Emerging from very competitive market price conditions in 2017, cement margins showed some promising improvements.

Tanga Cement commitment to all stakeholders through its high quality cement and clinker and its contribution towards the sustainable growth and development of Tanzania, continues to demonstrate our brand value of "STRENGTH WITHIN".

Macro-economic Overview
Our growth in business continued to be anchored on the growth in demand of the Tanzanian construction industry. The average annual headline inflation rate decreased to 3.1% in 2018 from 4.5% in 2017 as a result of governments' fiscal and monetary policies.

Economic performance remains stable with expected GDP growth of between 6.7% and 7.2% for the 2018 year. Robust infrastructure investment and a strengthening consumer base remain major drivers of the growth witnessed in 2018 supported by lower inflation levels, being in line with government's medium term monetary policy target of 5%.

We remain optimistic of the positive impact of infrastructure development plans under the Government's Development Vision 2025 programme and expect the projects to continue gaining momentum in 2019. Tanga Cement has capacity to meet a significant share of the cement demand in the country and remains committed to production of superior cement products.

Financial and Operational Overview
Following our drive to establish a healthy competitive footprint in the Tanzanian cement market in 2017 in extremely competitive pricing conditions, the company focussed on improving margins and operational efficiencies in 2018 to improve profit margins, which was under severe pressure in the prior year.

Group sales revenue grew by 25%, to TZS 215 billion from TZS 172 billion in 2017 whilst gross profit for the year improved by 91% to TZS 56.2 billion from TZS 29.4billion achieved in the prior year.

EBITDA showed a significant improvement of 304% to TZS 34.4 billion from TZS 8.5 billion in 2017 driven by improved sales volumes, margins and operational efficiencies.

The group achieved an operating profit of TZS 14.9 billion for the year ended 31 December 2018 from an operating loss of TZS 10.99 billion for 2017.

The 2018 performance has helped to reduce the after tax loss to TZS 11.3 billion from TZS 26.3 billion in 2017. Depreciation and financing costs related to the capital investment of the second integrated production line commissioned in 2016, remains notable expenses for the group.

Cash flows from trading activities improved to TZS 33.6 billion in 2018 from TZS 14.0 billion for the prior year while cash flows from operations improved to TZS 39.8 billion in 2018 from TZS 3.7 billion for 2017 due to improved profitability.

The company continued to build on its significant safety achievement and reached a cumulative 4.2 million hours without lost time injuries as at 31 December 2018. Our commitment of creating a safe and sustainable work environment for all employees and contractors on site forms an integral part of the Simba Cement corporate culture.

Dividend
The company did not declare an interim dividend to shareholders for 2018 in line with the financial performance for the year. Having regard to the net loss after interest on loans and tax for 2018, the board has decided to be prudent by not declaring a final dividend for the 2018 financial year. Available cash resources will be committed to the operational and debt service commitments.

Conclusion
Tanga Cement remains grateful to its staff for their passion and dedication to the company, and to its customers for their belief in the Simba Cement brand, as the company works to achieve its short- and long-term growth strategy.

With Tanzania remaining a significant player in the East African construction market, cement output is anticipated to increase and Tanga Cement PLC is well positioned to take advantage of the growth opportunities in the regional market.

For and on behalf of the Board
Advocate Lawrence Masha
Chairman of the Board

Waraka wa Mwenyekiti

Wakili Lau Masha
Mwenyekiti wa bodi

"Ahadi ya Tanga Cement kwa wanahisa wake wote kupitia simenti na klinka vyenye ubora wa hali ya juu na mchango wake kwaajili ya ukuaji endelevu na maendeleo ya Tanzania, inaendelea kuonesha thamani ya chapa ya bidhaa yetu na kauli mbiu yetu ambayo ni "STRENGTH WITHIN"."

Waraka wa Mwenyekiti

Utangulizi
Ndugu wanahisa, tunawasilisha taarifa ya biashara iliyokaguliwa ya Tanga Cement Public Limited Company ("Tanga Cement" au "kampuni") na kampuni zake tanzu (pamoja, kundi) ya mwaka ulioishia tarehe 31 Disemba 2018.

Tanga Cement inayofuraha kutoa taarifa kwamba matokeo ya mwaka nzima wa 2018 yanaonesha kuboreka zaidi ya mwaka uliopita.

Matumizi ya simenti katika sekta ya ujenzi yaliendelea kuimarika mwaka 2018 na tuliweza kuimarisha na kuboresha ufanisi katika utendaji na upelekeaji bidhaa sokoni.

Ikiwa inatokea kwenye hali ya ushindani mkubwa wa bei ya sokoni uliokuwepo mwaka 2017, ziada (faida) iliyotokana na mauzo ya simenti imeonesha matumaini ya kuimarika.

Ahadi ya Tanga Cement kwa wanahisa wake wote kupitia simenti na klinka vyenye ubora wa hali ya juu na mchango wake kwaajili ya ukuaji endelevu na maendeleo ya Tanzania, inaendelea kuonesha thamani ya chapa ya bidhaa yetu na kauli mbiu yetu ambayo ni "STRENGTH WITHIN".

Mapitio ya Uchumi
Ukuaji wa biashara yetu ulijikita katika ukuaji wa mahitaji ya simenti na sekta ya ujenzi nchini Tanzania. Wastani wa mfumuko wa bei ulipungua na kufikia asilimia tatu nukta moja (3.1%) mwaka 2018, toka asilimia nne nukta tano (4.5%) mwaka 2017 kutokana sera za hazina na za kifedha za Serikali.

Utendaji wa kiuchumi umekuwa thabiti huku pato la taifa likitegemewa kukua kwa kati ya asilimia sita nukta saba (6.7%) na asilimia saba nukta mbili (7.2%) kwa mwaka 2018. Uwekezaji imara kwenye miundombinu na uimarishaji wa msingi wa wateja viliendelea kuwa misukumo ya ukuaji ulioshuhudiwa mwaka 2018, vikiungwa mkono na kiwango kidogo cha mfumuko wa bei, ambacho kinakwenda sambamba na sera za Serikali za kifedha za muda wa kati na lengo la asilimia tano (5%).

Tunaendelea kuwa na matumaini kufuatia matokeo chanya ya mipango ya uendelezaji miundombinu chini ya mpango wa dira ya maendeleo ya Serikali ya mwaka 2025, na tunatarajia miradi itaendelea kushika kasi mwaka 2019. Tanga Cement PLC inao uwezo wa kutosheleza mahitaji ya simenti kwa kiwango kikubwa nchini na imejizatiti katika kuzalisha bidhaa za simenti zenye ubora zaidi.

Fedha na utendaji
Kutokana na azimio letu la kuanzisha ushindani sahihi unaoacha alama katika soko la simenti nchini Tanzania mwaka 2017 pamoja na hali ya shinikizo kubwa la bei, kampuni ilijielekeza katika kuboresha faida, ambapo ilikuwa ni katika kipindi hikihiki cha shinikizo kali la mwaka uliopita.

Mauzo ya kundi yalipanda kwa asilimia ishirini na tano (25%) na kufikia shillingi za kiTanzania bilioni mia mbili kumi na nne nukta tisa (TZS 214.9bilioni) kutoka shilingi za kiTanzania bilioni mia moja sabini na moja nukta nane (TZS 171.8 bilioni) zilizopatikana mwaka uliopita wakati faida ghafi kwa mwaka iliongezeka kwa asilimia tisini na moja (91%) na kuwa shillingi za kiTanzania bilioni hamsini na sita nukta mbili (TZS 56.2bilioni) kutoka shillingi za kiTanzania bilioni ishirini na tisa nukta nne (TZS 29.4 bilioni) zilizopatikana mwaka uliopita.

Mapato kabla ya riba, kodi, uchakavu wa mali na fedha iliyotengwa kwaajili ya kulipa madeni (EBITDA) ilionesha kutengemaa kwa asilimia mia tatu na nne (304%) kufikia shilingi za kiTanzania bilioni thelathini na nne nukta nne (TZS 34.4bilioni) kutoka shilngi za kiTanzania bilioni nane nukta tano (TZS 8.5bilioni) iliyopatikana mwaka uliopita iliyosababishwa na kuongezeka kwa kiwango cha mauzo, faida na ufanisi katika utendaji.

Kundi lilipata faida ya uendeshaji ya shilingi za kiTanzania bilioni kumi na nne nukta tisa (TZS 14.9bilioni) kwa kipindi cha mwaka kinachoisha tarehe 31 Disemba 2018, kutoka hasara ilitokana na uendeshaji ya shilingi za kiTanzania bilioni kumi nukta tisa tisa (TZS 10.99 bilioni) kwa mwaka 2017.

Utendaji wa mwaka 2018 umesaidia kupunguza hasara baada ya kodi ya shilingi za kiTanzania bilioni kumi na moja nukta tatu (TZS 11.3bilioni) kutoka shilingi za kiTanzania bilioni ishirini na sita nukta tatu (TZS 26.3bilioni) mwaka 2017. Gharama za kushuka kwa thamani ya shilingi na gharama za kifedha zilizotokana na mtaji uliowekezwa kwenye mtambo wa pili wa uzalishaji uliozinduliwa mwaka 2016 bado ni gharama inayoonekana kwenye kundi.

Fedha zilizopatikana toka kwenye shughuli za kawaida za biashara ziliongezeka na kufikia shilingi za kiTanzania bilioni thelathini na tatu nukta sita (TZS 33.6bilioni) kutoka shilingi za kiTanzania bilioni kumi na nne (TZS 14.0bilioni) kwa mwaka uliopita wakati fedha kutokana na utendaji wa wakawaida ziliongezeka na kufikia shilingi za kiTanzania bilioni thelathini na tisa nukta nane (TZS 39.8 bilioni) mwaka 2018 kutoka shilingi za kiTanzania bilioni tatu nukta saba(TZS 3.7bilioni) mwaka 2017 kutokana na kuboreka kwa faida.

Waraka wa Mwenyekiti

Ukuaji wa biashara yetu ulijikita katika ukuaji wa mahitaji ya simenti na sekta ya ujenzi nchini Tanzania.

Wastani wa mfumuko wa bei ulipungua na kufikia asilimia tatu nukta moja (3.1%) mwaka 2018 toka asilimia nne nukta tano(4.5%) mwaka 2017 kutokana sera za hazina na za kifedha za Serikali.

Kampuni iliendelea kujijenga kwenye mafanikio katika eneo la usalama wa wafanyakazi iliyoyapata na kufikia masaa milioni nne nukta mbili (milioni 4.2) bila ajali zinazosababisha mfanyakazi asiweze kuja kazini mpaka kufikia tarehe 31 Disemba 2018. Hii imetokana na kujitoa kwetu katika kujenga mazingira ya kazi yaliyo salama na endelevu kwaajili ya wafanyakazi wote na wakandarasi walioko sehemu zetu za kazi ambao pia ni sehemu muhimu ya utamaduni wa kampuni yetu

Gawio

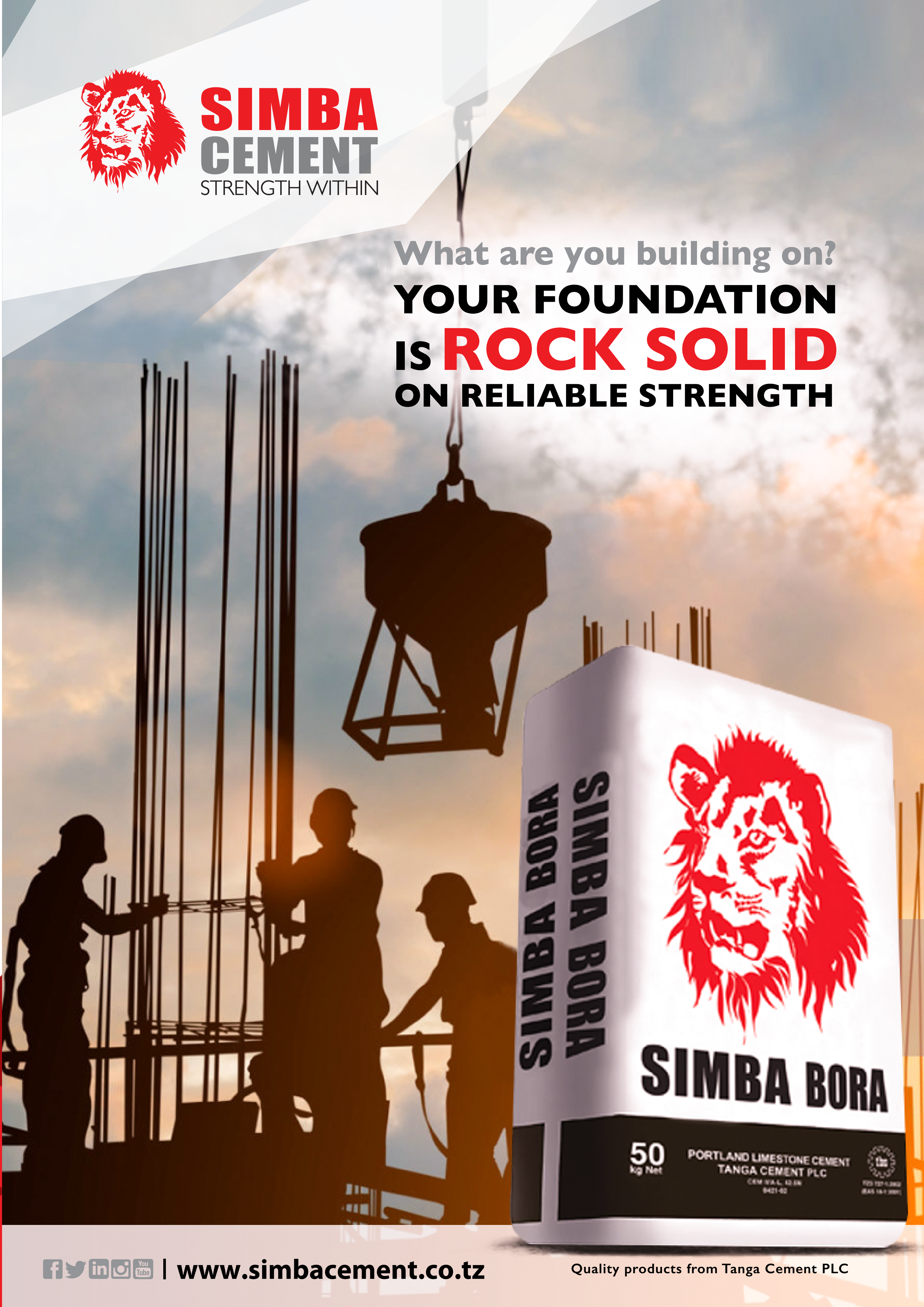
Kampuni haikutangaza gawio la mpito kwa wanahisa wake mwaka 2018 hali iliyotokana na utendaji wake wa kifedha kwa mwaka uliopita. Kwa kuzingatia hasara baada ya riba ya mikopo na kodi kwa 2018, bodi ya wakurugenzi iliamua kwa busara kutotangaza gawio la mwisho kwa mwaka 2018. Fedha iliyopo itatumika kwaajili ya utendaji na pia kulipia madeni.

Hitimisho

Tanga Cement PLC inawashukuru wafanyakazi wake kwa moyo wa kujitolea kwa kampuni na pia wateja wake kwa kuiamini Simenti chapa Simba, wakati kampuni inafanyakazi kufikia mikakati yake ya muda mfupi na ya muda mrefu ya kukua.

Kutokana na Tanzania kuwa soko la pili kwa ukubwa kwa masuala ya ujenzi Afrika Mashariki, uzalishaji wa simenti unakadiriwa kuongezeka na Tanga Cement PLC iko tayari kufaidika na ukuaji huu katika soko la kanda.

Wakili Lawrence Masha
Mwenyeki wa Bodi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Managing Director's Report

Reinhardt Swart
Managing Director

"Sales revenue improved by 25% year on year to Tzs 215billion in FY2018 compared to Tzs 172billion in FY2017 on the back of a continued growth of sales volumes anchoring our market leadership."

Managing Director's Report

Tanga Cement PLC is proud to present its financial results for the 2018 financial year reflecting a significant turnaround in profitability from 2017, turning to account management's relentless drive in executing a number of strategies against the backdrop of continued competitive market pricing pressure. Our business model and cost controls proved to be robust and delivered positive long-term results, weathering the challenging cement market in 2017 and returning the company to notable profitability. A number of cement players were forced to shut down for extended periods due to operational issues and challenges presented in the business environment.

The financial performance of the prior financial year was adversely affected by the impact of unpredictable and erratic price strategies by other major cement players. We continue to be the market leader in restoring some degree of financial responsible pricing levels and consumer expectations coming off the sector-wide unsustainable competitor pricing behaviour of 2017, which was evident in reported financial results of the majority of players.

Our further improved Cement Quality and Operational Safety performance achievements over the prior year remain of the highest international standards and is a proven contributor to our competitive advantage for sustainability across all spheres of our business.

Financial Performance

We grew sales revenue by 25% year on year to TZS 215 billion in FY2018 compared to TZS 172 billion in FY2017 on the back of a continued growth of sales volumes anchoring our market leadership. Our pricing strategies and improved sales volumes were the key drivers for the 91% improvement in Gross Profit year on year. The company further registered an increase in Earnings Before Interest Tax, Depreciation and Amortisation (EBITDA) to TZS 34.4 billion for the 2018 financial year from TZS 8.5 billion in 2017.

The company ramped up production throughout the year and generated additional revenue from the sale of excess clinker production.

Although the increased depreciation and interest on the loan funding for the new capital investment in the TK2 production line remains a significant planned expense, the net loss after tax for 2018 reduced to TZS 11.3 billion from a net loss of TZS 26.3 billion for 2017.

Sustainable Growth

We are proactively adapting our business strategies to the fluid geopolitical and macroeconomic market dynamics while remaining cognisant of our core business and our responsibility to all our stakeholders.

Our ongoing cost optimisation and efficiency improvement programmes in production and operations are yielding exciting results while retaining our brand equity of superior quality performance cement.

The significant capital investment made in expanding our production capacity, as undertaken in the Performance Agreement signed with the Tanzania Investment Centre (TIC), has positioned Tanga Cement to meet the anticipated increase in future cement demand in Tanzania.

Our agreement with the Tanzania Rail Company Limited (TRC) allows us access to more dedicated wagons for transport along the strategic distribution lines. This advantage reduces our storage and transportation costs while enhancing rail transport and distribution in Tanzania.

Outlook

Management will continue to execute the long-term business strategies, production- and supply chain efficiency innovations, product offering and distribution solutions to our customers and the national infrastructure projects.

We look forward to continued business improvements in 2019 poised on management's current strategic projects and exciting opportunities, while remaining cognisant of macroeconomic geopolitical developments and continued single-dimensional price-driven competition.

We remain optimistic of the roll-out of Government's well-publicised infrastructure projects in the near future. These include the oil export pipeline from Uganda through Tanga in Tanzania, Stieglers Gorge Hydropower, the Standard Gauge Railway line (SGR) and upgrades to the Dar es Salaam and Tanga ports, which seem to be gaining momentum and anticipated to boost demand for cement in Tanzania over the next five years.

Reinhardt Swart
Managing Director

SIMBA CEMENT
STRENGTH WITHIN

Ripoti ya **Mkurugenzi Mtendaji**

Reinhardt Swart
Mkurugenzi Mtendaji

"Tulikuza mapato yaliyotokana na mauzo ambayo yaliboreka kwa asilimia ishirini na tano (25%) kwa mwaka na kuwa shilingi za kiTanzania bilioni mia mbili kumi na tano (TZS 215bilioni) kwa mwaka wa fedha 2018 ikilinganishwa na shilingi za kiTanzania bilioni mia moja sabini na mbili (TZS172 bilioni) kwa mwaka wa fedha 2017 iliyosaidiwa na ukuaji wa mauzo tukijiimarisha kwenye uongozi katika soko"

Ripoti ya **Mkurugenzi Mtendaji**

Tanga Cement Public Limited Company inayofahari kuwasilisha hesabu zake za mwaka wa kifedha wa 2018 ikionesha mabadiliko makubwa ya faida tofauti na mwaka 2017, mageuzi katika usimamizi wa fedha uliosukumwa na utekelezaji wa mikakati kutokana na kutofanya vizuri kulikoendelezwa na shinikizo ililoletwa na ushindani wa bei sokoni. Muundo wetu wa biashara pamoja na udhibiti wa gharama vimethibitisha kuwa imara na vilileta matokeo chanya kwa muda mrefu, vikizishinda changamoto za soko la simenti kwa mwaka 2017 na kuipatia kampuni faida iliyoonekana. Wazalishaji wengi walilazimika kufunga viwanda vyao kwa muda zaidi kutokana na masuala ya uendeshaji na changamoto zilizotokana na mazingira ya kibiashara.

Utendaji wetu kifedha wa kipindi cha fedha kilichopita uliathiriwa na athari zisizotabirika na mikakati ya bei isiyotabirika iliyofanywa na wazalishaji wengine wakubwa wa simenti. Tuliendelea kuongoza sokoni katika kurejesha kiwango fulani cha kifedha kwa kuwajibika katika viwango vya bei na matarajio ya mtumiaji tukiondoa ushindani wa kisekta na tabia ya bei za washindani sizizokuwa endelevu za mwaka 2017, ambazo zinathibitishwa na matokeo ya kifedha yaliyoripotiwa na washindani wengi.

Simenti yetu iliyoboreshwa viwango zaidi na matokeo mazuri ya utendaji kiusalama kwa kipindi cha mwaka uliopita vimebaki kuwa katika viwango vikubwa vya kimataifa na imethibitika kuwa vimechangia katika kutupa faida ya kiushindani kwa uendelevu katika maeneo yetu yote ya biashara.

Utendaji wa kifedha

Tulikuza mapato yaliyotokana na mauzo ambayo yaliboreka kwa asilimia ishirini na tano (25%) kwa mwaka na kuwa shilingi za kiTanzania bilioni mia mbili kumi na tano (TZS 215bilioni) kwa mwaka wa fedha 2018 ikilinganishwa na shilingi za kiTanzania bilioni mia moja sabini na mbili (TZS172 bilioni) kwa mwaka wa fedha 2017 iliyosaidiwa na ukuaji wa mauzo tukijiimarisha kwenye uongozi katika soko. Mikakati yetu ya bei na kiwango cha mauzo kilichoboreka vilikuwa ndio misukumo mikuu kwa kuweza kuboresha faida ghafi kwa asilimia tisini na moja (91%) kwa mwaka. Kampuni pia ilirekodi ongezeko la mapato kabla ya riba, kodi, uchakavu na tengo kwaajili ya deni (EBITDA) kufikia shilingi za kiTanzania bilioni thelathini na nne nukta nne (TZS 34.4 bilioni) kwa mwaka wa kifedha wa 2018 kutoka shilingi za kiTanzania bilioni nane nukta tano (TZS 8.5 bilioni) kwa mwaka wa kifedha wa 2017.

Kampuni iliongeza uzalishaji kwa kipindi chote cha mwaka na kuweza kuzalisha mapato ya ziada kutokana na mauzo ya klinka ya ziada iliyozalishwa.

Ingawa kushuka kwa thamani ya fedha na riba tunayolipa kutokana na mkopo tuliochukua kwaajili ya mtaji wa uwekezaji mpya wa Kiln namba mbili (TK2) vimeendelea kubakia kuwa matumizi ya gharama kubwa, hasara baada ya kodi kwa mwaka 2018 ilipungua na kuwa shilingi za kiTanzania bilioni kumi na moja nukta tatu (TZS 11.3 bilioni) toka hasara ya shilingi za kiTanzania bilioni ishirini na sita nukta tatu (TZS 26.3 bilioni) kwa mwaka 2017.

Ukuaji endelevu

Tunashiriki kikamilifu kuendana na mikakati yetu ya biashara ili kujijenga kufuatana na siasa za nchini na uchumi mkuu unaosababisha mabadiliko kwenye soko wakati tukiendelea kutambua msingi wetu mkuu wa biashara na wajibu wetu kwa wadau wetu.

Uendeshaji wetu kwa gharama nafuu na mipango yetu ya kuboresha ufanisi katika uzalishaji na utendaji vinatupatia matokeo ya kusisimua sana wakati huo huo tukilinda thamani/hadhi ya chapa ya bidhaa zetu ambayo ni simenti yenye ufanisi bora zaidi.

Uwekezaji mkubwa wa mtaji kama ulivyofanywa katika kuongeza/kupanua kiwango/uwezo wetu wa uzalishaji, uliofanya kutokana na makubaliano ya utendaji yaliyosainiwa kati ya Kituo cha Uwekazaji Tanzania (TIC) umeiweka Tanga Cement PLC kwenye kiwango cha kuweza kufikia matarajio yajayo ya ongezeko la mahitaji ya simenti nchini Tanzania.

Mkataba wetu na Tanzania Rail Company Limited (TRC) unatuwezesha kupata mabehewa zaidi ambayo yapo kwaajili ya usafirishaji katika maeneo yetu ya kimkakati ya usambazaji. Unafuu huu unapunguza gharama za uhifadhi na usafirishaji huku ukiupa nguvu usafiri wa reli na usambazaji nchini Tanzania.

Matarajio

Uongozi utaendelea kutekeleza mikakati yake ya muda mrefu ya biashara, uvumbuzi wa ufanisi kwenye uzalishaji na mnyororo wa ugavi, utoaji bidhaa na ufumbuzi katika usambazaji bidhaa kwa wateja wetu na miradi ya kitaifa ya miundombinu.

Tunatarajia maboresho kwenye biashara kwa mwaka 2019 yaliyotokana na miradi ya kimkakati ya sasa ya uongozi na fursa za kusisimua, huku tukiendelea kutambua maendelo ya kiuchumi na kisiasa nchini na kuendeleza ushindani wa moja kwa moja unaoletwa na bei.

Tunaendelea kuwa na matumaini ya utekelezaji wa hivi karibuni wa miradi iliyotangazwa ya miundombinu ya Serikali. Hii ni pamoja na bomba la kusafirishia nje mafuta kutoka Uganda kupitia Tanga, Tanzania, mradi wa umeme wa maji wa Stieglers (Stieglers Gorge Hydropower), reli ya kiwango yaani Standard Gauge (SGR) na uboreshaji wa bandari za Dar es Salaam na Tanga, ambavyo inaonekana kuongeza kasi na inategemewa kuongeza mahitaji ya simenti nchini Tanzania kwa kipindi cha miaka mitano ijayo.

Reinhardt Swart
Mkurugenzi Mtendaji

Human Resources

OUR PLEOPLE are OUR FAMILY not only HUMAN RESOURCES
Our winning formula is anchored in our unbeatable integrated people solutions to create a world class work/life balance while contributing maximum impact to the bottom line.

Our Culture
Underpinning the success is our momentous corporate culture, which inspires high performance and self-driven employee morale to continually improve performance across all functional areas in the business.

Our culture is based on the following three core values:

- PEOPLE – Acting with integrity and respect
- PLANET – Responsible approach to the community and environment
- PERFORMANCE – To be the best in everything we do.

Culture Survey
The annual group-wide culture survey measures the progress we are making in embedding "The AfriSam Way". The AfriSam Cement Group of companies is united under The Afrisam Way which defines our culture that enables fast and efficient responses to business challenges while growing our shareholders' value. We are pleased to see the results of the annual culture survey improving by 5% over last year. This is an indication that we are collectively moving in the right direction as a united team Simba.

One of the key contributors to making us champions is "living our values", which is also measured in the culture survey. The individual score for living our values increased by 3%, this indicates that our people understand what it means to live our values, and the attitude and behaviour expected of them for achieving our goals.

In line with our drive for continuous improvement across all areas of the business, areas that did not progress satisfactory according to the Culture Survey will receive priority focus during 2019.

Let's Build
Let's Build is an internal group wide initiative to assist us create more positive energy in our business to support and enhance the principles of The AfriSam Way.

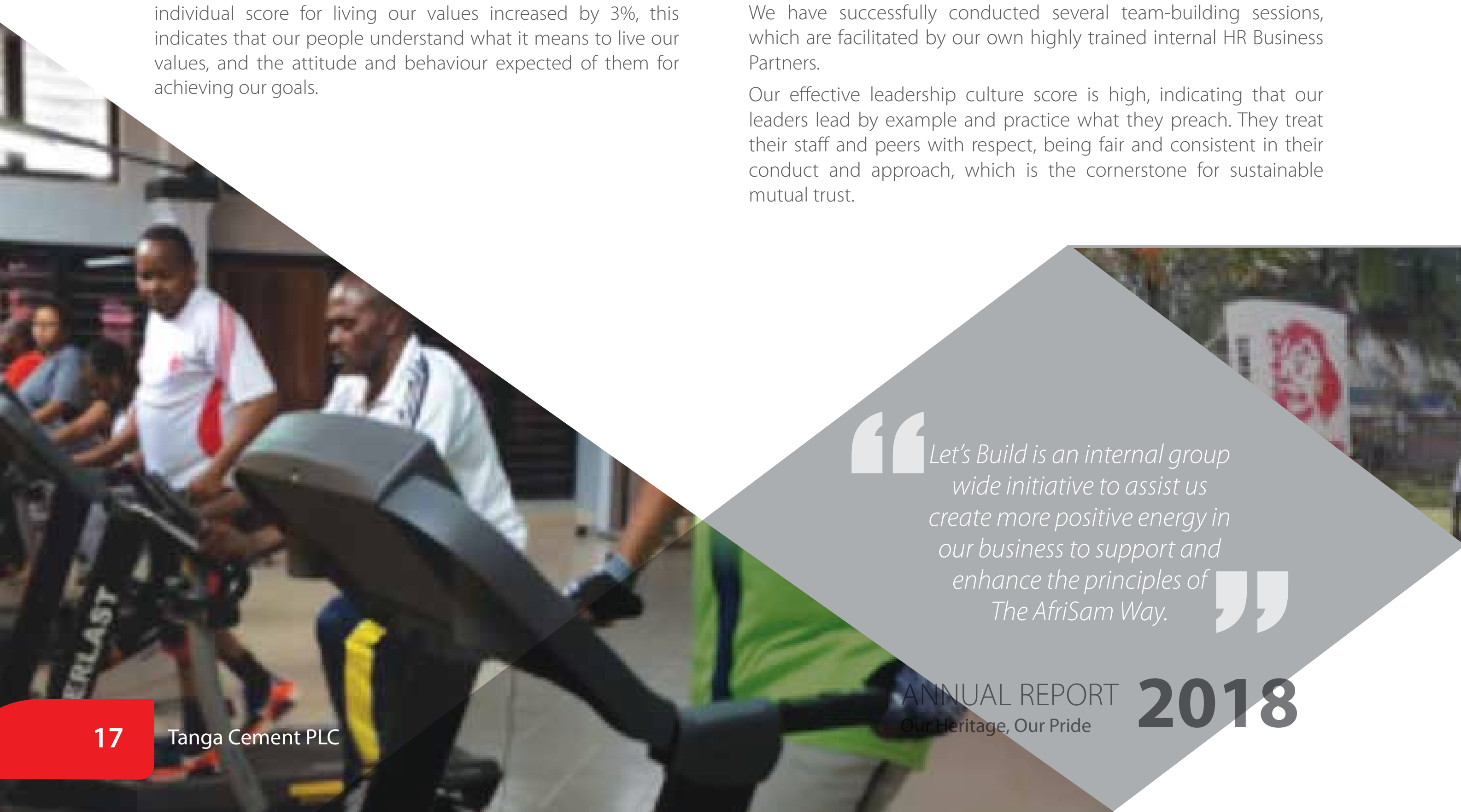
With Let's Build we have redefined our strategic purpose and direction, by introducing a new vision and a new mission and each employee committed to bring a positive change to the business.

Employee Development
We provide opportunity for career growth where people can learn, develop and grow professionally.

We see return on investment in developing our people. Team Simba's strength, our safety record, personal effectiveness and leadership excellence improvements are continually acknowledged and reinforced.

We have successfully conducted several team-building sessions, which are facilitated by our own highly trained internal HR Business Partners.

Our effective leadership culture score is high, indicating that our leaders lead by example and practice what they preach. They treat their staff and peers with respect, being fair and consistent in their conduct and approach, which is the cornerstone for sustainable mutual trust.



"Let's Build is an internal group wide initiative to assist us create more positive energy in our business to support and enhance the principles of The AfriSam Way."

Human Resources

We organised customer market visits for Supervisors across the functional departments to increase their commercial awareness. Supervisors are the front line of our operations and a bridge between management and the rest of our employees

Employee Relations

This is an area that we continue to actively focus on with various programmes.

During 2018, only one new case was filed at the Commission for Mediation and Arbitration.

Internally there has been a decrease of 41% in disciplinary cases over the past two years.

The number of days spent on negotiations between management and trade union has improved from an average of five days historically to only two days in 2018.

Employee Wellness

In 2018 we had a number of wellness initiatives aimed at managing the effects of workplace stress and promoting the total wellbeing of our people. The most notable one was launching of a company gymnasium facility.

Other initiatives improving employee wellness included:

- Inter-departmental football tournaments
- Team building activities
- Health talks
- National park safari during supervisors camp
- Kilimarathon staff and management participation

As a result the company has saved a significant amount money due to the reduction in employee absenteeism days and ill health cases. The medical insurance risk premium has decreased by 11% over the past two years. Medical referral cases to specialists outside Tanga have also decreased by 57% over the past 4 years.

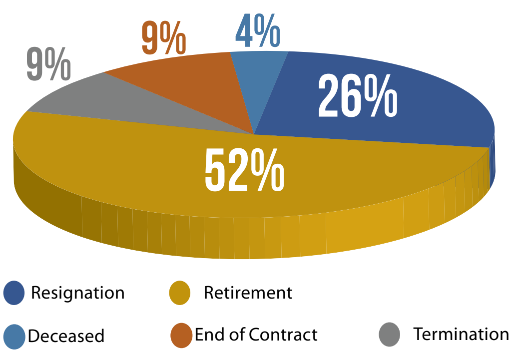
Talent

Since people are our most valuable asset our motivation has always been to make Tanga Cement PLC the employer of choice. Accordingly, we endeavour to offer a fantastic work culture and workplace environment that attracts and retains the best talent.

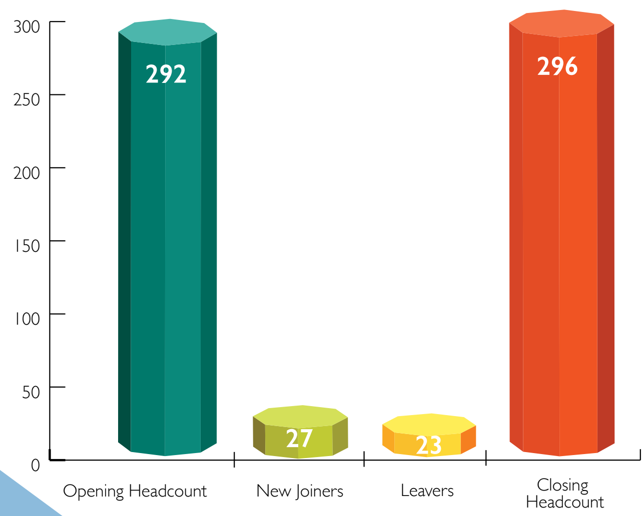
We live for excellence and are invested in ensuring that we attract talent that are the best fit, not only in skills and in experience, but also culturally. As a result, our attrition rate remains significantly below the industry average.

Our leaders are effortlessly creating an inspiring climate for people to advance their careers and professional networking exposure.

Employee exit summary for 2018



Employee Movement 2018



Rasilimali Watu

WATU WETU ni FAMILIA YETU sio tu RASILIMALI WATU
Fomyula yetu ya ushindi inapewa nguvu na muunganiko wa watu wetu wenye ufumbuzi wasio shindwa katika kuweka ulinganifu wa kiwango cha dunia kati ya kazi na maisha huku wakichangia kwa kiwango cha juu matokeo makubwa yanayohitajika.

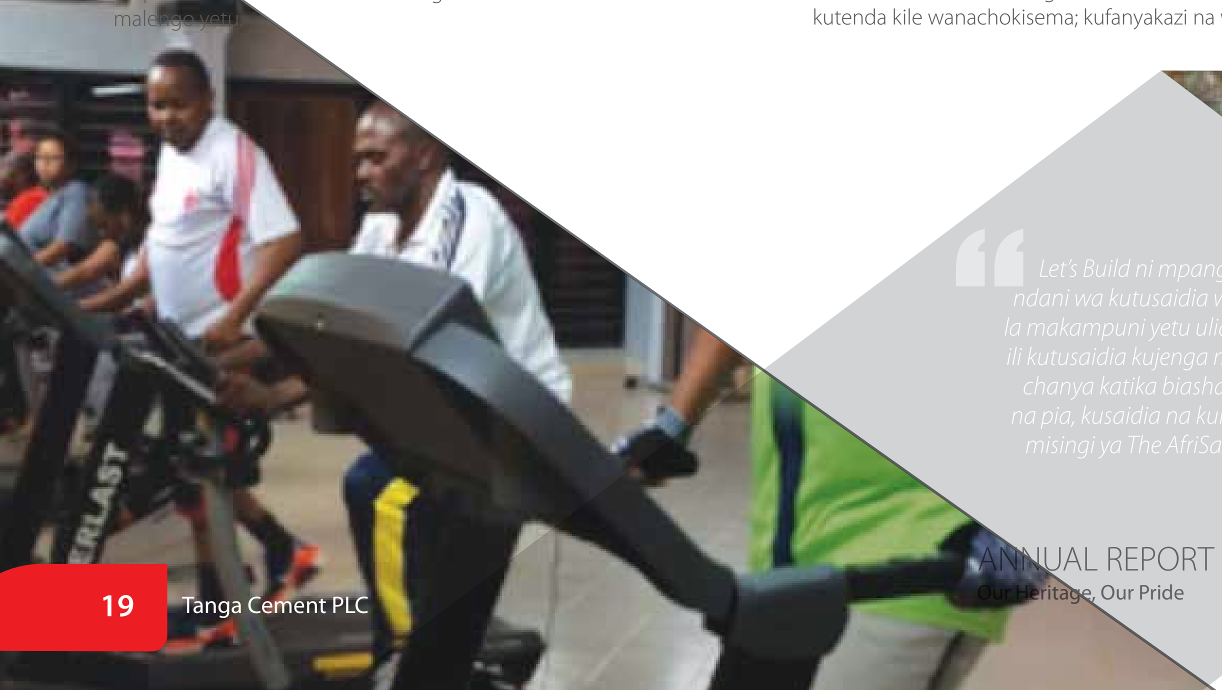
Utamaduni wetu
Kuimarisha mafanikio ni utamaduni wetu kikampuni, ambao huhamasisha utendaji mzuri na moyo wa wafanyakazi kuendelea kujituma ili kuboresha utendaji katika maeneo yote ya kiutendaji ndani ya shughuli zetu.

Utamaduni wetu umejengwa katika maadili makuu matatu:
WATU – Kutenda kwa umainifu na heshima
SAYARI – Kuwajibika kwaajili ya jamii na mazingira
UTENDAJI – Kuwa bora katika kila tunachofanya

Uchunguzi wa Utamaduni wetu
Uchunguzi wa mwaka wa maendeleo ya utamaduni wetu kwa kundi hupima maendeleo tuliyoyafikia katika kuhakikisha "The AFriSam Way" inafanikiwa. Kundi la makampuni ya AfriSam Cement linaungana chini ya The AfriSam Way ambayo inafafanua utamaduni wetu unaotuwezesha kupata majibu ya haraka na yaliyo sahihi ya changamoto za biashara yetu wakati tukikuza thamani ya wanahisa wetu.

Tunayofuraha kuona kwamba matokeo ya mwaka ya jumla yanaboreka kwa asilimia tano (5%) ikilinganishwa na mwaka jana. Hii ni dalili kwamba kwa pamoja tuelekea kwenye mwelekeo sahihi kama Team Simba.

Moja ya vitu vilivyochangia kutufanya tuwe washindi ni kuwa tunaishi kwa kufuata maadili yetu; ambayo pia yanapimwa kupitia uchunguzi wa utamadauni wetu. Kiwango cha mtu mmoja mmoja katika kuishi kimaadili kimeongezeka kwa asilimia tatu (3%), hii inaonesha kuwa watu wetu wanaelewa nini maana ya kuishi kimaadili yetu, na pia matazamo na tabia zinazotegemewa toka kwao katika kufikia malengo yetu.



Kufuata na Hata hivyo, uchunguzi wa utamaduni umeonesha baadhi ya maeneo yanahitaji kufanyiwa kazi zaidi, na tumefanya maeneo haya kuwa vipaumbele wetu vya mwaka 2019.

Let's Build
Let's Build ni mpango wa ndani wa kutusaidia wa kundi la makampuni yetu ulianzishwa ili kutusaidia kujenga mtazamo chanya katika biashara yetu na pia, kusaidia na kuimarisha misingi ya The AfriSam Way.

Kwa kupitia Let's Build tumeelezea dhumuni na mwelekeo wetu wa kimkakati, kwa kutambulisha dira na misheni mpya na kila mfanyakazi anawajibika katika Kuhakikisha analeta mabadiliko chanya kwenye biashara yetu.

Maendeleo ya Wafanyakazi
Tunatoa fursa kwaajili ya kukuza taaluma ambapo watu wanaweza kujifunza, kuendelea na kukua kiweledi.

Tunaona faida ya uwekezaji katika kuwaendeleza watu wetu. Nguvu yetu Timu Sima, rekodi yetu ya usalama, ufanisi binafsi na uongozi ulio boreshwa unaendelea kutambuliwa na kuimarishwa.

Tulifanikiwa kuendesha vipindi kadhaa vya kujenga na kuimarisha timu zetu; zoezi ambalo lilifanywa na wataalam wetu mahiri wa ndani ambao ni washirika wa ndani wa rasilimali watu.

Utamaduni wetu wa uongozi bora umepata alama ya juu, hii inamaanisha kuwa viongozi wetu wanaongoza kwa mfano na kutenda kile wanachokisema; kufanyakazi na watu kwa heshima, haki

"Let's Build ni mpango wa ndani wa kutusaidia wa kundi la makampuni yetu ulianzishwa ili kutusaidia kujenga mtazamo chanya katika biashara yetu na pia, kusaidia na kuimarisha misingi ya The AfriSam Way"

Rasilimali Watu

na usawa na pia kuwa thabiti katika maamuzi; na kuna kuaminiana katika pande zote mbili.

Tuliandaa kipindi cha kuwatembelea wateja wetu masokoni kwaajili ya wasimamizi wa kazi wa kampuni kutoka vitengo vyote vya kampuni lengo ikiwa ni kuongeza uelewa wao upande wa mauzo na masoko. Wasimamizi wa kazi ndio watendaji walio mstari wa mbele wa utendaji na ni daraja kati ya uongozi na wafanyakazi wengine wote waliobaki.

Yahusuyo Wafanyakazi

Hili ni eneo ambalo tunaliangalia kwa umakini tukiwa na mipango mbali mbali.

Mwaka 2018, kesi mpya moja tu ndio ilifikishwa kwenye tume ya usuluhishi na upatanishi.

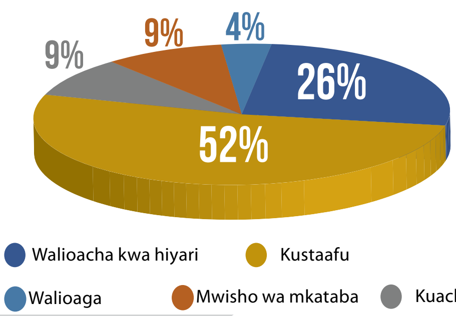
Ndani ya kampuni, kumekuwa na kupungua kwa idadi ya kesi za kinidhamu kwa asilimia arobaini na moja (41%) kwa kipindi cha miaka miwili.

Idadi ya siku zilizotumika kwaajili ya majadiliano ya maslahi kati ya uongozi na muungano wa chama cha wafanyakazi umeboreka kwa kushuka kutoka siku tano (5) mpaka mbili (2) tu.

Ustawi wa Wafanyakazi

Mwaka 2018 tulianzisha mambo kadhaa yaliyokuwa na lengo la kudhibiti msongo wa mawazo na kukuza hali njema za watu wetu.

Idadi ya wafanyakazi waliondoka kwa ufupi



Kitu muhimu sana tulichokifanya ni ufunguzi wa ukumbi wa mazoezi ya viungo (gym) katika eneo la kazi.

Mambo mengine tuliyofanya kwaajili ya kuinua hali za wafanyakazi zilikuwa ni pamoja na:

- Mashindano ya mpira wa miguu kati ya idara na idara
- Shughuli za uundaji timu za kikazi
- Mazungumzo kuhusu afya (Health talks)
- Safari kwenda mbuga ya wanyama ya taifa wakati wa kambi ya wasimamizi kazi

Matokeo yake kampuni imeweza kuokoa kiasi kikubwa cha pesa kutokana na kupunguza muda wa wafanyakazi kutokuja kazini na pia kesi za watu kuugua. Gharama za juu za bima ya matibabu zilipungua kwa asilimia kumi na moja (11%) kwa kipindi cha miaka miwili iliyopita. Kesi za wagonjwa kwenda kutibiwa kwenye hospitali za nje ya mkoa wa Tanga zimepungua kwa kiasi cha asilimia hamsini na saba (57%) kwa kipindi cha miaka minne (4) iliyopita.

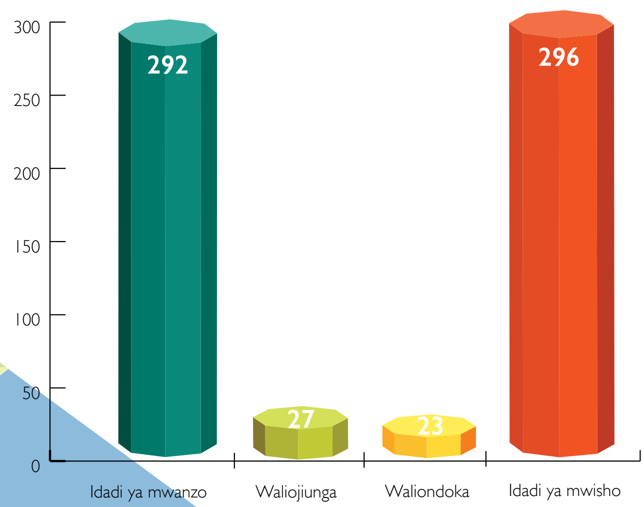
Vipaji

Kwakuwa watu ndio rasilimali yetu yenye thamani zaidi, hivyo motisha tunayowapa siku zote ni kuifanya Tanga Cement PLC kuwa mwajiri chaguo namba moja. Kutokana na hilo; tunajitahidi kuweka utamaduni bora sana na mazingira bora sehemu za kazi ambayo yanavutia na kufanya wafanyakazi wenye vipaji bora wabaki na wasiende kwa waajiri wenginee.

Tunaishi kwa ustadi na tumejitolea ili kuhakikisha tunakuwa na wafanyakazi walio bora zaidi kwenye maeneo husika; na hii sio tu kwenye ujuzi na uzoefu bali pia kiutamaduni. Matokeo yake, kiwango cha migongano kazini kiko chini ya wastani wa sekta.

Viongozi wetu bila kuchoka wanajenga hali yenye kuchochea ukuaji wa watu kukua kikazi na katika mifumo ya kitaaluma.

Mabadiliko ya Idadi ya wafanyakazi 2018



Corporate Social Investment

Tanga Cement Public Limited Company has a well-defined and entrenched corporate social investment mission and policy. We recognize our social responsibility to the communities in the immediate proximity to our operations and throughout Tanzania where our products and services footprint reaches. We aim to be part of the sustainable development and upliftment of these communities. To this extent Tanga Cement PLC plays a very visible role not only in the communities around its operations but throughout its sphere of influence and impact. Our commitment is to work with all our stakeholders to build and maintain sustainable long-term relations of mutual respect, trust and support.

The following four main focus areas forms the pillars of CSI:

a. Community development
b. Education
c. Environment
d. Health

In 2018, the company provided support to the following communities and entities in Tanzania:

1. **Police Force**
   Tanga Cement PLC donated five thousand nine hundred and eighty eight (5,988) bags of cement to the police force in Pemba. This donation was to support construction of new policy barracks in Pemba. The company did this with the aim of supplementing Government's efforts of providing the Tanzanian Police Force with one of the most important human needs, which is shelter. The Police Force is among the communities with which Tanga Cement has a long-term co-operative relationship of support. They are responsible for the safety and security of our citizens and their property. We believe that a safer Tanzania, is a better place to live and do business in.

2. **Shinyanga Municipal Council**
   The Shinyanga region is in need of some critical basic community infrastructure. Among these are education infrastructure like classrooms, toilets and laboratories in various schools. The region also faces a serious shortage of adequate health facilities. With that, Tanga Cement PLC decided to support the regional authority by donating a total of five hundred (500) bags of cement for education and health infrastructure construction.

3. 

   Tanga Regional Commissioner's office
   Tanga Cement PLC is the major stakeholder in development activities for the Tanga region. In 2018, the company donated a total of four hundred (400) bags of cement and Eight Million Tanzanian Shillings (Tzs 8,000,000) to the Tanga Regional Commissioner's office for the region's development projects. These development projects include education, health, community development and humanitarian support.

"The following four main focus areas forms the pillars of CSI:

a. Community development
b. Education
c. Environment
d. Health"

Corporate Social Investment

4. **Friends of Serengeti**
   In 2018, Friends of Serengeti, an NGO that deals with maintaining and preserving the environment at Serengeti and Tarangire national parks, received a total of three hundred (300) bags of cement. The cement was used to construct crossing drifts, observation posts, repair of rangers' posts as well as renovation of water pump houses at the parks. Tanga Cement PLC has been partnering with this NGO for a number of years and the impact has been widely recognised.

5. **Tanga City Council Director's Office**
   The company extended its support to the Tanga City Director's office for the National Torch Race (Uhuru Torch) which marked the highlight of the Tanga city council's community development activities in 2018, by donating a total of four million Tanzanian Shillings (Tzs 4,000,000)

6. **Samweli Kessy**
   With education being a key focus area of our CSI programme, Tanga Cement PLC sponsored a former student of the Rosmini Secondary School for his further higher education. The student "Samweli" enrolled for a Bachelors Degree of Arts in Economics.

Our donations are reported quarterly to the Board of Directors to monitor and keep track of our CSI strategy execution within the communities we earmarked to support. Our CSI policies and strategy are well aligned to comply with the amended mining law and will continue to support all our stakeholders in a responsible and sustainable way.

"Our donations are reported quarterly to the Board of Directors to monitor and keep track of our CSI strategy execution within the communities we earmarked to support"

Uwekezaji wa Kijamii wa Kampuni

Tanga Cement Public Limited Company inayo sera yake yake ya uwekezaji kwa jamii ambayo imefafanua na pia inaizingatiwa. Tunatambua wajibu wetu kwa jamii zinazotuzunguka katika maeneo yetu tunayofanyia kazi na maeneo zaidi ya hayo nchini Tanzania ambako bidhaa na huduma zetu zinafika. Nia yetu ni kuwa sehemu ya maendeleo endelevu na kuboresha maisha ya jamii hizi. Kwa kiasi hiki, Tanga Cement PLC inajiona ina jukumu la wazi ambalo sio tu kwa jamii zinazozunguka sehemu zake za uzalishaji bali ni mpaka sehemu ambazo haifanyi moja kwa moja kazi zake za uzalishaji lakini bidhaa zake hufika au huonekana. Nia yetu ni kufanya kazi na wadau wote wenye nia ya kujenga na kudumisha mahusiano endelevu na yanayoleta heshima, uaminifu na pia kutoa misaada.

Yafuatayo ni maeneo makuu manne ambayo ndio nguzo kuu za uwekezaji kwa jamii :

a. Maendeleo ya jamii
b. Elimu
c. Mazingira
d. Afya

Mwaka 2018, kampuni ilitoa misaada kwa jamii na taasisi zifuatazo nchini.

1. Jeshi la Polisi

Tanga Cement PLC ilichangia mifuko elfu tano mia tisa themanini na nane (5,988) ya simenti kwa jeshi la polisi Pemba. Msaada huu umetolewa kwa polisi ili kusaidia kujenga makazi yao ambayo ni changamoto kwa sasa. Kampuni imefanya hivi ili kusaidia jitihada za serikali za kuhakikisha askari polisi wanapata makazi ambayo ni moja ya sehemu muhimu katika mahitaji ya msingi ya binaadam. Jeshi la polisi ni moja ya jamii ambazo Tanga Cement imekuwa ikifanya nazo kazi kwa muda mrefu. Polisi ni jamii ambayo ina wajibu wa kuhakikisha utulivu na usalama wa raia na mali zao nchini. Tunaamini Tanzania iliyosalama ni sehemu bora ya kuishi na kufanya biashara.

2. Halmashauri ya Manispaa ya Shinyanga

Shinyanga ni mojawapo ya mikoa inayokabiliwa na matatizo ya miuondombinu ya kijamii. Miongoni mwao, ni miundombinu ya elimu kama vile madarasa, vyoo pamoja na maabara katika shule mbalimbali za mkoa huo. Mbali na miundo mbinu ya elimu, mkoa huo pia unakabiliwa na tatizo kwa upande wa huduma za afya. Kutokana na hilo, Tanga Cement PLC iliamua kuusaidia uongozi wa mkoa kwa kuchangia jumla ya mifuko mia tano (500) ya simenti kwaajili ya kuboresha miundombinu ya huduma za jamii.

Yafuatayo ni maeneo manne ambayo ndio nguzo kuu za uwekezaji kwa jamii ***Elimu, Afya, Maendeleo ya jamii na Mazingira***

Uwekezaji wa Kijamii wa Kampuni

3. **Ofisi ya Mkuu wa mkoa wa Tanga**
   Tanga Cement PLC ni miongoni mwa wadau wakuu katika shughuli za maendeleo za mkoa wa Tanga. Mwaka 2018, kampuni ilichangia jumla ya mifuko mia nne (400) ya simenti pamoja na shilingi za kiTanzania milioni nane (TZS 8,000,000/=) kwa ofisi ya mkuu wa mkoa kwaajili ya miradi mbalimbali ya maendeleo ya mkoa. Miradi hii ni pamoja miradi ya elimu, afya, maendeleo ya jamii na pia misaada ya kibinaadam.

4. **Friends of Serengeti**
   Mwaka 2018, Friends of Serengeti, taasisi inayojihusisha na uangalizi na uhifadhi wa mazingira kwenye mbuga za Serengeti na Tarangire, ilipatiwa jumla ya mifuko mia tatu (300) ya simenti. Simenti hii ilitumika kwaajili ya kujengea mikondo na vijito vya kuvukia wanyama, kufanya marekebisho ya mihimili ya walinzi pamoja na kurekebisha kijumba cha pampu ya kusukuma maji kwenye mbuga. Tanga Cement PLC imekuwa sehemu ya taasisi hii isiyo ya kiserikali kwa miaka mingi sasa na mchango wake unatambulika.

5. **Ofisi ya Mkurugenzi wa Jiji Tanga**
   Kampuni ilitoa msaada kwa ofisi ya mkurugenzi wa jiji la Tanga kwaajili ya maadhimisho ya mbio za mwenge wa uhuru ambao kilele chake kilikuwa mkoa wa Tanga mwaka 2018. Mchango uliotolewa ni kiasi cha shilingi za kiTanzania milioni nne (TZS 4,000,000) kama mchango wake kwaajili ya shughuli za kimaendeleo

6. **Samweli Kessy**
   Kufuatia lengo lake la kusaidia kuboresha elimu kupitia sera yake ya kusaidia maendeleo ya jamii, Tanga Cement PLC iliamua kumfadhili mwanafunzi huyu ambaye alitokea shule ya secondary Rosmini kwaajili ya kujiendeleza na elimu ya juu. Samweli anafanya shahada ya sanaa katika masuala ya uchumi katika chuo kikuu cha Dar es Salaam.

Kwa kawaida misaada hii huriporiwa kila robo mwaka kwenye mikutano ya bodi. Nia ni kuisimamia na kuweza kujua ni kwa jinsi gani na ni jamii zipi zimeweza kusaidiwa katika kila robo ya mwaka. Kwakuwa sera ya kampuni ya kusaidia jamii bado ipo, kampuni itaendelea kuboresha eneo hii kufuatana na sheria mpya ya madini iliyorekebishwa.

> *"Kwa kawaida misaada hii huriporiwa kila robo mwaka kwenye mikutano ya bodi. Nia ni kuisimamia na kuweza kujua ni kwa jinsi gani na ni jamii zipi zimeweza kusaidiwa katika kila robo ya mwaka"*

Corporate Social Responsibility (CSR) Mission & Policy Statement

Our actions today mould the future

CSR Mission

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

CSR Policy Statement

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

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

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

Health:

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

Education:

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

Community Development:

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

Environment:

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

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

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

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

SIMBA CEMENT

Safety and Enviroment

Environment

Tanga Cement continued to ensure that our precious environment was well managed to ensure the company's long-term operational sustainability through responsible corporate citizenship. This was made possible through the collective efforts off all employees and contractors both on- and off-site, guided by our rigorous environmental management programme.

During the reporting period we achieved a significant score of ninety four percent (94%) on our Sustainability Roadmap Assessment. Tanga Cement was the highest achiever amongst all the AfriSam integrated cement plants for two years consecutively. We enhanced and updated our Environmental Management System to the new ISO 14001:2015 as required by the certification body to provide more assurance concerning the protection and management of our environment. Our proactive integrated environmental management programme ensured that we managed our environmental footprint responsibly and consequently no major environmental findings were reported for 2018.

In 2018 Tanga Cement's industry leading progressive environmental rehabilitation programme spearheaded the planting of an additional 4,590 trees and 3,000 sisals plants at Holili. Our well established seedlings nursery now consists of more than 20,000 teak trees, which will be planted-out during the 2019 rain season in various areas across the company's vast physical footprint. Some of these young teak trees will also be donated to our communities for promoting environmental conservation, in line with our Corporate Social Investment policy programmes.

Tanga Cement was the highest achiever amongst all the AfriSam integrated cement plants for two years consecutively

SIMBA CEMENT
STRENGTH WITHIN

Safety and Enviroment

Safety

We continued our outstanding safety performance from 2017 throughout the 2018 year.

We recorded zero Lost Time Injuries (LTI) incidents throughout the year.

The Company reached a cumulative 4,176,687 hours (4.1 million hours) without LTI over the past 34 months. The 12-month rolling Total Recordable Injury Frequency Rate (TRIFR) continued to be 0.00 against a maximum allowed group standard of 4.00.

The Company voluntarily submits to an annual NOSA Safety Audit from South Africa. The audit was conducted on-site in Tanga during December 2018. The company successfully managed to maintain 5 platinum star safety grading from NOSA.

Tanga Cement PLC further received special recognition from NOSA for achieving 4,000,000 hours without a disabling incident as from 07 February 2016 to 30 November 2018.

As part of enhancing safety compliance awareness in the workplace, the company launched safety week event in August 2018 to motivate all employees and contractors towards our ZERO HARM culture with the theme "MY SAFETY IS MY RESPONSIBILITY". It was a live event which involved Tanga Kunani FM radio. All employees and contractors participated in various activities which included Safety and Health related awareness training, interdepartmental football matches and an interdepartmental safety quiz competition. The event was received with great enthusiasm by all staff and contractors.

In view of maintaining good health of employees, a new gymnasium was opened in August 2018 at the Saruji Club owned by Tanga Cement. All employees are entitled to access of the new gymnasium facility and are provided with a certified physical exercise trainer.

The company employed four more SHE Inspectors to further improve the capacity of the Safety, Health and Environment Department. This gives a total of eight SHE Inspectors. The presence of SHE Inspectors in every shift, has positively impacted the proactive response by all employees and contractors towards our safety culture.


SHE team during Safety week event


SHE Inspector giving Safety awarenes training to employees and contractors


The TCPLC team during Safety week event


Opening ceremony of the gymnasium


The gymnasium (inside)

"We recorded zero Lost Time Injuries (LTI) incidents throughout the year"

Usalama na Mazingira

Mazingira

Tanga Cement Public Limited Company iliendelea kuhakikisha kwamba mazingira yetu ya thamani yanasimamiwa ili kuhakikisha ustawi wa muda mrefu wa utendaji wa kampuni kwa kuwa kampuni ni raia anayejali. Hii iliwezekana kutokana na jitihada za pamoja kutoka wa wafanyakazi wote na wakandarasi waliopo kiwandani na pia wa nje ya kiwandaji, wakiongozwa na mpango wetu unasimamiwa kwa kufuata sharia za utunzaji wa mzingira

Wakati wa ripoti hii tulipata alama kubwa ambayo ni asilimia tisini na nne (94%) katika tathmini iliyofanywa kuhusiana na uendelevu. Tanga Cement PLC ndio ilipata alama za juu kulko makampuni yote ya uzalishaji simenti katika kundi la AfirSam kwa miaka miwili mfululizo. Tuliimarisha na kutengeneza upya mifumo yetu ya usimamizi wa mazingira kwenda mfumo mpya ambao ni ISO 14001:2015 kama inavyotakiwa na mamlaka inachoshughulika na kutoa vyeti ili kuwa na uhakika zaidi katika kulinda na kusimamia mazingira yetu. Mpango wetu wa pamoja wa kulinda mazingira umehakikisha kwamba tumeweza kuweka alama na kutokana na ufanisi na pia kutokuwa na matokeo makubwa ya kimazingira yaliyoripotiwa kwa mwaka 2018.

Mwaka 2018, Tanga Cement PLC iliongoza katika sekta kwa mpango wake na maendeleo ya kurekebisha mazingira ikiongoza kwa kuongeza upandaji wa miche ya miti elfu nne mia tano tisini (4590) na miche ya katani elfu tatu (3000) katika eneo la machimbo la Holili. Vitalu vyetu vya mbegu vilivyoanzishwa vina zaidi ya miche elfu ishirini ya mitiki ambayo itapandwa wakati wa kipindi cha mvua mwaka 2019 katika maeneo makubwa mbalimbali ya kampuni. Baadhi ya miche hii itatolewa bure kwa jamii ili kukuza dhana ya utunzaji wa mazingira ikiwa ni sehemu ya mipango na sera yetu wa kuwekeza kwa jamii..

Tanga Cement PLC ndio ilipata alama za juu kuliko makampuni yote ya uzalishaji simenti katika kundi la AfirSam kwa miaka miwili mfululizo.

Usalama na Mazingira

Usalama
Tuliendeleza utendaji wetu bora kwa upande wa usalama tokea mwaka 2017 mpaka mwaka 2018.

Hakukuwa na tukio lolote la kupoteza muda wa kazi kutokana na ajali kwa mwaka mzima.

Kampuni ilifikisha jumla ya masaa milioni nne laki moja sabini na sita elfu mia sita themanini na saba (4,176,687) bila tukio lolote linalo sababisha madhara na kupoteza muda wa kuja kazini (LTI) kwa kipindi cha miezi thelathini na nne (34). Mzunguko wa miezi kumi na mbili uliendelea na tulikuwa na alama sifuri nukta sifuri (0.00) ya jumla ya matukio yanayoweza kusababisha upotevu wa muda wa kazi kutokana na majeraha ikilinganishwa na kiwango cha juu kinachoruhusiwa kwa kundi la makampuni cha wastani wa nne (4.00).

Kampuni huwasilisha kwa hiari kwenda kampuni ya ukaguzi wa usalama kwa mwaka ya NOSA (NOSA Safety Audit) ya Afrika Kusini. Ukaguzi ulifanywa hapa kiwandani Tanga mwezi Disemba 2018. Kampuni ilifanikiwa kusimamia na kulinda hadhi yake ya nyota tano kutoka NOSA.

Tanga Cement PLC ilipata utambuzi maalum kutoka NOSA kwa kuweza kufikia masaa milioni nne (4,000,000) bila ya ajali inayoweza kusababisha ulemavu kuanzia tarehe 07 Februari 2016 mpaka 30 Novemba 2018.

Kama sehemu ya kuimarisha juhudi za kuhimizana kufuata sheria za usalama kazini, kampuni ilianzisha wiki ya usamala mwezi Agosti 2018 ili kuwahamasisha wafanyakazi na wakandarasi wote kuelekea utamaduni wetu wa bila kuwa na madhara (MADHARA SIFURI - ZERO HARM) tukiwa na ujumbe "USALAMA WANGU NI WAJIBU WANGU". Lilikuwa ni tukio mubashara ambalo lilihusisha redio ya Tanga Kunani. Wafanyakazi wote na wakandarasi walishiriki katika shughuli mbalimbali ambazo ni pamoja na ufahamu na mafunzo juu ya usalama na afya, michezo ya mpira wa miguu kati ya idara na idara na pia chemsha bongo inayohusu masuala ya usalama kati ya idara na idara. Tukio hili lilipokelewa kwa shauku kubwa na wafanyakazi pamoja na wakandarasi wote.

Kaika mtazamo wa kuhakikisha tuna dumisha afya njema kwa wafanyakazi, ukumbi mpya wa mazoezi ulifunguliwa mwezi Agosti 2018 kwenye Klabu ya Saruji ambayo ni ya Tanga Cement PLC. Wafanyakazi wote wanayo haki ya kuingia katika ukumbi huo wa mazoezi na pia kuna mtoa mafunzo aliyethibitishwa kwaajili ya mazoezi ya viungo.

Kampuni iliajiri wakaguzi wa usalama wanne (4) zaidi ili kuboresha zaidi uwezo wa idara ya usalama, afya na mazingira. Hii inafanya jumla ya wakaguzi katika idara ya usalama, afya na mazingira kufikia nane (8). Uwepo wa wakaguzi hao katika kila zamu, umeleta matokeo mazuri na kuwafanya wafanyakazi na makandarasi waweze kuchukua tahadhari na kuwajibika kufuatana na utamaduni wetu wa usalama.


Timu ya Usalama na mazingira wakati wa wiki ya usalama


Mkaguzi wa Usalama na mazingira akitoa mafunzo ya usalama na uelewa wa mazingira kwa wafanyakazi na wakandarasi.


Timu Simba wakati wa wiki ya Usalama


Sherehe ya ufunguzi wa ukumbi wa mazoezi


Sehemu ya ndani ya ukumbi wa mazoezi

"Hakukuwa na tukio lolote la kupoteza muda wa kazi kutokana na ajali kwa mwaka mzima"

Occupational Health And Safety Policy (OHS)

My Safety Is Our Safety

Policy

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

Objectives

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

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

SIMBA CEMENT

Quality

Simba Cement Products

Tanga Cement PLC's products; Simba cement, are of high and consistent quality. These products have made substantial contribution to various infrastructural development in East African countries for a very long period of time.

Our cement products are used in construction of houses, schools, roads, bridges, dams, and other essential facilities for various communities.

Simba cement brand products are manufactured through a process that is carefully designed and controlled by a team of committed professionals. Performance of our products; Simba cement is constantly monitored to maintain the highest standards of quality consistence and strength.

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

Simba cement products are manufactured in accordance to Tanzania cement standard TZS 721-1 which is equivalent to European Norm Standard EN 197-1 and East African Standard EAS 18-1

Tanga Cement PLC manufactures the following cement products which are uniquely developed for different applications:

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

CEM II/A-L, 42.5 N is Portland Limestone cement with limestone extension. It is a high strength class cement specifically designed for applications which require high strength, and can be used for construction such as:

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

Features and Benefits

- This versatile cement is cost-effective because of its workability, strength and durability
- It saves you time because of its high strength capability
- The strength of this cement makes it ideal for many specialized applications.

SIMBA IMARA [CEM II/B-M, 32.5 R]

CEM II/B-M, 32.5 R is a Portland composite. It is an ordinary strength & an all purpose class cement and can be used for construction such as:

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

Features and Benefits

- This cement offers guaranteed high-performance and reactive mineral components with excellent cementations properties.
- It allows for a smooth, defect-free finish for concrete, masonry and plaster work.
- It maintains strength and stability for ages.
- It creates durable concrete and is suitable for aggressive conditions.
- It is perfect for reducing the heat of hydration in mass concrete.
- It improves concrete's resistance to chemical attack.
- It makes concrete highly resistant to alkali-aggregate reaction and is suitable for reducing the permeability of concrete in water retaining structures.
- It offers high workability which makes it easy to work with.
- It produces consistently good results.

SIMBA BARABARA [CEM II/B-M, 32.5 N]

CEM II/B-M, 32.5 N is a Portland composite cement for use, specifically in road stabilization, specially formulated to improve the engineering properties of soil.
It has been developed and tested to achieve good performance across a broad range of road material types.
It offers consistent strength and durability to road sub-bases, making it ideal for road construction.

Features and Benefits

- It improves the engineering properties of soil by reducing plasticity and enhancing the strength of road based materials.
- It ensures durability, stability and strength.
- It achieves good stability across a broad range of road materials.
- Its longer setting times make it ideal for road stabilization as it allows for adequate time to place and compact material.

SIMBA CEMENT
STRENGTH WITHIN

Ubora

Bidhaa za Simenti chapa simba
Bidhaa za Tanga Cement Public Limited Company ambazo ni Simba simenti, ni bidhaa zenye ubora wa hali ya juu na thabiti. Bidhaa hizi zimetoa mchango maridhawa katika maendelo ya miundo mbinu ya Afrika Mashariki kwa muda mrefu sana.

Bidhaa zetu hutumika katika ujenzi wa nyumba, shule, barabara, madaraja, mabwawa na vitu vingine muhimu kwa jamii mbali mbali.

Bidhaa za simenti chapa Simba zinatengenezwa kwa kupitia mchakato uliobuniwa na kudhibitiwa na timu ya wataalam mahiri. Utendaji wa bidhaa zetu; Simba simenti; unasimamiwa ili kudumisha viwango vya juu vya ubora usio tetereka na nguvu inayohitajika.

Haya yanafanikiwa kutokana na kupitia mara kwa mara na kufanya maboresho ya mchakato wa uzalishaji ili kuhakikisha ufanisi, na kuepuka athari kwenye ubora na za kimazingira kwa kadri iwezekanavyo.

Bidhaa za simenti chapa Simba hutengenezwa kwa kufuata kiwango cha simenti cha Tanzania yaani TZS 721-1:2002 ambacho ni sawa na kiwango cha kimataifa yaani EN 197-1:2000 na kiwango cha Afrika Mashariki yaani EAS 18-1:2001
Tanga Cement PLC huzalisha bidhaa za simenti zifuatazo ambazo zimebuniwa kipekee kwaajili ya matumizi mbalimbali. Bidhaa hizo ni;

SIMBA BORA [CEM II/A-L, 42.5N]
CEM II/A-L, 42.5 N ni simenti aina ya Portland Limestone yenye mchanganyiko wa mawe ya chokaa. Ni simenti ya daraja la juu iliyotengenezwa maalum kwaajili ya matumizi yanayohitaji nguvu zaidi, na inaweza kutumika kwaajili ya matumizi yafuatayo;

- Majengo, miundo na ujenzi wa majengo yasiyo ya kimiundo;
- Zege lililoimarishwa kwaajili ya misingi, minara, mihimili, mabamba, mikanda, gololi za kuta n.k;
- Elementi zilizoundwa kwa zege la kawaida lililoimarishwa na linalotumika kwaajili ya matengenezo ya kazi za kawaida na kazi za viwanda, kujaza na kupaka kwenye miundo iliyoimarishwa na isiyo imarishwa;
- Fito maalum kwaajili ya sakafu na mota;
- Matumizi katika machimbo ya madini (uchimbaji madini).

Sifa na Faida
- Simenti hii yenye matumizi mbalimbali ni aina ya simenti inayodhibiti gharama kutokana na utendaji wake, nguvu na umadhubuti.
- Huokoa muda wako kwasababu ya uwezo wa nguvu yake.
- Nguvu ya simenti hii huifanya kamilifu kwaajili ya matumizi mbalimbali ya kitaalamu.

SIMBA IMARA (CEM 11/B-M, 32.5R)
CEM II/B-M, 32.5 R ni simenti aina ya 'Portland Composite'. Simenti hii ni kwa matumizi ya kawaida na ya aina yote na inaweza kutumika kwaajili ya matumizi mbalimbali ya ujenzi kama vile.

- Majengo na miundo ya majengo, misingi, nguzo, mihimili, kuta, mikanda, vibamba vya matofali ya vijia, matofali ya vibamba, kingo za barabara, matofali makubwa n.k;
- Elementi za kawaida na za zege lililoimarishwa kwa mazingira yanayohitaji nguvu ndogo au simenti yenye nguvu ya wastani;
- Elementi za zege lililoimarishwa kwaajili ya mazingira yenye kaboni nyingi na shughuli za salfeti.;
- Mabwawa ya maji
- Mota kwaajili ya kujazia viungo kati ya elementi za miundo;
- Mota kwaajili ya sakafu maalum n.k.

Sifa na Faida
- Simenti hii inatoa uhakika wa utendaji wa hali ya juu na viungo vya madini vyenye viasili vizuri zaidi vya simenti.
- Huruhusu upitaji kwa wepesi, usio na kasoro wa umaliziaji wa zege, uashi na kazi za lipu;
- Hudumisha nguvu na uthabiti kwa miongo;
- Hutengeneza umadhubuti wa muda mrefu wa zege na hufaa kwenye hali ya michubuko chubuko;
- Ni simenti sahihi kwaajili ya kupunguza joto linalosababishwa na upotevu wa unyevu kwenye zege la kiasi kikubwa;
- Huongeza uwezo wa zege kuweza kudhibiti uharibifu unaosababishwa na kemikali;
- Hulifanya zege kuwa na uwezo wa juu wa kudhibiti athari za alkalini na hufaa kwaajili ya kupunguza upitishaji maji kwenye zege kwa majengo yanayo hifadhi maji;
- Hutoa kiwango cha juu cha utendaji na kuleta urahisi katika utumiaji;
- Hutoa matokeo mazuri yasiyo tetereka

SIMBA BARABARA [CEM II/B-M, 32.5 N]
CEM II/B-M, 32.5 N ni simenti aina ya 'Portland Composite' maalum kwaajili ya matumizi ya uimarishaji barabara. Imetengenezwa maalumu ili kuboresha mazingira ya udongo ki uhandisi.

Imetengenezwa na kujaribiwa ili kupata matokeo ya bora zaidi katika aina nyingi mbali mbali za malighafi za ujenzi wa barabara.

Inaipa nguvu misingi midogo midogo ya barabara, na kuifanya iwe ndiyo inayofaa kwaajili ya ujenzi wa barbara.

Sifa na Faida
- Huboresha hali ya udongo kihandisi kwa kupunguza hali ya plastiki na huimarisha nguvu ya malighafi za misingi ya barabara;
- Huhakikisha uimara, uthabiti na nguvu;
- Huleta matokeo mazuri ya uimara ikilinganishwa na malighafi zote za ujenzi wa barabara;
- Ukaukaji wake unaochukua muda mrefu huifanya iwe sahihi kwa uimarishaji wa barabara huruhusu muda muafaka kuiweka na kushindilia malighafi.

Quality Policy

Striving for Excellence

Policy

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

Objectives

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

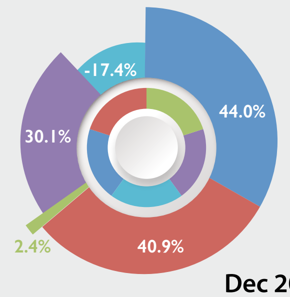
This policy will be reviewed on a periodic basis to ensure that it is best suited to realising the business goals of Tanga Cement Public Limited Company.

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

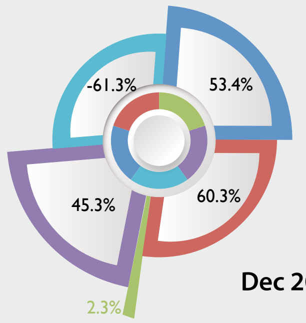
Value Added Statement For the year ended 31 December 2018

	2018 TZS'000	%	2017 TZS'000	%
Sales	214,922,899		171,744,715	
Bought in materials and services	(150,785,647)		(128,883,958)	
Income from other investments & financial income	552,994		105,792	
Value added	**64,690,246**		**42,966,549**	
Distribution of value added:				
Employeees, management and directors	**28,464,285**	**44.0**	**22,944,114**	**53.4**
To providers of capital	**26,432,917**	**40.9**	**25,894,072**	**60.3**
- Financial expenses	26,432,917	40.9	24,302,296	56.6
- Dividends	-		1,591,776	3.7
To pay the government				
- Corporate taxation	**1,558,478**	**2.4**	**982,989**	**2.3**
To replace assets				
- Depreciation	**19,504,923**	**30.1**	**19,499,110**	**45.3**
To expansion and growth	**(11,270,357)**	**-17.4**	**(26,353,736)**	**-61.3**
	64,690,246	**100.0**	**42,966,549**	**100.0**

	Dec 18 %	Dec 17 %
Employees, management and directors	44.0	53.4
To Providers of capital	40.9	60.3
To pay the government	2.4	2.3
To Assets	30.1	45.3
To expansion and growth	-17.4	-61.3



Dec 2018

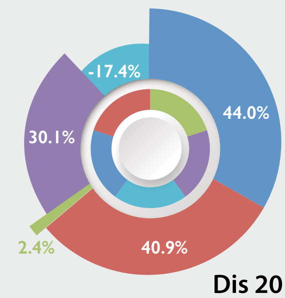


Dec 2017

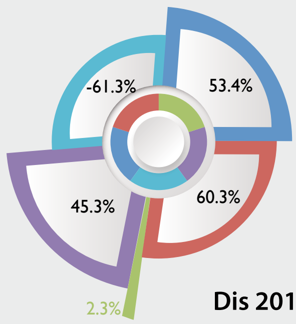
Waraka wa Ongezeko la Thamani
Kama ilivyokuwa 31 Desemba 2018

	2018 TZS'000	%	2017 TZS'000	%
Mauzo	214,922,899		171,744,715	
Bidhaa na huduma zilizonunuliwa	(150,785,647)		(128,883,958)	
Mapato mengineyo	552,994		105,792	
Ongezeko la thamani	**64,690,246**		**42,966,549**	
Mgawanyo wa ongezeko la thamani:				
Wafanyakazi, menejimenti na wakurugenzi	**28,464,285**	**44.0**	**22,944,114**	**53.4**
Kwa watoaji wa mtaji na mikopo	**26,432,917**	**40.9**	**25,894,072**	**60.3**
- Gharama za fedha	26,432,917	40.9	24,302,296	56.6
- Gawio	-		1,591,776	3.7
Kwa serikali				
- Kodi ya mapato	**1,558,478**	**2.4**	**982,989**	**2.3**
Kwa ugharimiaji uongezaji wa rasilimali				
- Uchakavu	**19,504,923**	**30.1**	**19,499,110**	**45.3**
Kwa upanuaji wa kampuni na kundi	**(11,270,357)**	**-17.4**	**(26,353,736)**	**-61.3**
	64,690,246	**100.0**	**42,966,549**	**100.0**

	Dis 18 %	Dis 17 %
Wafanyakazi, menejimenti na wakurugenzi	44.0	53.4
Kwa watoaji wa mtaji na mikopo	40.9	60.3
Kwa serikali	2.4	2.3
Uchakavu	30.1	45.3
Kwa upanuaji wa kampuni na kundi	-17.4	-61.3



Dis 2018



Wafanyakazi, menejimenti na wakurugenzi · *Kwa watoaji wa mtaji na mikopo* · *Kwa Serikali* · *Uchakavu* · *Kwa upanuaji wa kampuni na kundi*

Dis 2017

General Information

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Tanga Cement Public Limited Company
Pongwe Factory Area
P O Box 5053
Tanga, Tanzania
Tel: +255 27 2644500/1/2
Mob: +255 746 293 325/26
Fax: +255 2646148/425
Website: www.simbacement.co.tz
Email:info@simbacement.co.tz

Dar es Salaam Office
Rooftop, Coco Plaza, Toure Drive
P O Box 78478
Dar es Salaam, Tanzania
Tel: +255 22 2602778-9/2602784
Mob: +255 746 293 329/30
Fax: +255 22 2602785

COMPANY SECRETARY

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

AUDITORS

Ernst & Young
4th Floor, Tanhouse Tower
Plot 34/1-Ursino South
New Bagamoyo rd
P O Box 2475
Dar es Salaam, Tanzania

LEGAL ADVISORS

ENS Africa
6th Floor, International House
Cnr of Shaaban Robert Street & Garden Avenue
P O Box 7495
Dar es Salaam

TAX ADVISORS

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

BANKERS AND FINANCIAL INSTITUTIONS

National Bank of Commerce Limited
P O Box 5031
Tanga, Tanzania

CRDB Bank Plc
P O Box 1180
Tanga, Tanzania

Citibank Tanzania Limited
P O Box 71625
Dar es Salaam, Tanzania

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

Stanbic Bank Tanzania Limited
P O Box 72647
Dar es Salaam, Tanzania

First National Bank
P O Box 72290
Dar es Salaam, Tanzania

Public Investment Corporation (SOC) Limited (PIC South Africa)
in its capacity as;
Investment manager for the Government Employees Pension Fund (GEPF South Africa)
Menlyn Maine Central Square, Corner Aramist Avenue
& Corobay Avenue
Waterkloof Glen Extension 2
Private Bag X187
Pretoria 001
Republic of South Africa

Board of Directors | Bodi ya Wakurugenzi

Sitting

1. Mr L. Masha - Chairperson | **2. Mr P. Rutabanzibwa -** Director (Deputy Chairperson) | **3. Mr T. Wagner** - Director | **4. Mr K. Omar** - Director

Standing

5. Mr P. De Jager - Director (Chief Financial Officer) | **6. Mr R. Wessels** - Director | **7. Mr R. Swart** - Managing Director | **8. Mr R. Mbilinyi** - Director

9. Mr. Q. Ganijee - Company Secretary

Directors' Report

The directors present their report and the audited consolidated and separate financial statements for the financial year ended 31 December 2018 which disclose the state of affairs of Tanga Cement Public Limited Company (the "Company" or "TCPLC") and its subsidiary, Cement Distributors (EA) Limited (the "Subsidiary"), and controlled structured entity, The Registered Trustees of the TCCL Employees' Share Trust (the "Trust"), [together, "the Group"].

1. INCORPORATION
The Company is incorporated in Tanzania under the Tanzanian Companies Act, 2002 as a public company limited by shares.

2. GROUP'S VISION
To be Eastern Africa's preferred cement manufacturer and distributor.

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

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

5. COMPOSITION OF THE BOARD OF DIRECTORS
The directors of the Company who served during the year, and to date of this report, are:

Name	Position	Age	Nationality	Appointed /(Retired)
Mr L. Masha*	Chairperson	48	Tanzanian	17 May 2013
Mr R. Swart	Managing Director	45	South African	11 July 2013
Mr P. De Jager	Director (Chief Financial Officer)	47	South African	13 May 2016
Mr P. Rutabanzibwa*	Director (Deputy Chairperson)	62	Tanzanian	22 May 2015
Mr R. Wessels#	Director (Appointed 20 March 2017)	44	South African	20 March 2017
Mr K. Omar*	Director	53	Tanzanian	17 May 2013
Mr L. Serfontein#	Director (Alternate director to all the other directors)	44	South African	1 November 2013
Mr T. Wagner*	Director	71	South African	17 May 2013
Mr R. Mbilinyi*	Director	54	Tanzanian	4 March 2015

[# Non-executive *Independent Non-executive]

The Company Secretary during the year ended 31 December 2018 was Mr Q. Ganijee (Tanzanian), 36 years old.
The Board of Directors met five times during the year.

Directors' Report (continued)

6. CORPORATE GOVERNANCE

Code of Corporate Practice and Conduct

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

The Board of Directors

The composition of the Board of Directors (the "Board") of Tanga Cement Public Limited Company is eight directors. Apart from the Managing Director and Chief Financial Officer, no other directors hold executive positions in the Group. The Board takes overall responsibility for the Group, including responsibility for identifying key risk areas, considering and monitoring investment decisions, considering significant financial matters and reviewing the performance of management against budgets and business plans. The Board is also responsible for ensuring that a comprehensive internal control system is effectively maintained for compliance with Good Corporate Governance principles.

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

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

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

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

Performance evaluation and reward

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

Risk management and internal control

The Board accepts final responsibility for the risk management and internal control system of the Group.

It is the task of management to ensure that adequate internal financial and operational controls are developed and maintained on an ongoing basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of the Group's assets (including information);
- Compliance with the applicable laws, regulations and supervisory requirements;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and,
- Responsible behaviour towards all stakeholders.

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

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

Ethical behaviour

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

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

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

Business ethics and organisational integrity

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

Principal risks and uncertainties

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

Fraud risk

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

Directors' Report (continued)

Operational risk
This is a risk resulting from the Group's activities not being conducted in accordance with formally recognised procedures. Management ensures that the Group complies with internal policies and procedures.

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

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

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

The responsibility for compiling the consolidated and separate financial statements was delegated to senior management.
The external auditor has examined and reported on whether the consolidated and separate financial statements are fairly presented.
The directors are satisfied that during the year under review:

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

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

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

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

Audit , Risk and Compliance Committee

Name	Nationality	Qualification
1. Mr T. Wagner (Chairman)	South African	CA (SA), MBL
2. Mr K. Omar	Tanzanian	MSc. Development Studies
3. Mr L. Serfontein	South African	B.Comm (Acc), CA (SA)
4. Mr L. Masha	Tanzanian	LLB (Hons), LLM

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

Remuneration and Nomination Committee

Name	Nationality	Qualification
1. Mr R. Wessels (Chairman)	South African	BCom, LLB, CFA
2. Mr L. Masha	Tanzanian	LLB (Hons), LLM
3. Mr P. Rutabanzibwa	Tanzanian	B. Chemical Engineering
4. Mr R. Mbilinyi	Tanzanian	Bsc. Engineering, MBA (Marketing)

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

7. REMUNERATION POLICIES
The Group has formal processes and procedures in place for determining remuneration paid to its directors. Management periodically prepares a proposal for fees and other emoluments to be paid to directors after having conducted market surveys and consulted with the parent company before forwarding the same to the Annual General Meeting (AGM) for final approval.

8. CAPITAL STRUCTURE
The Company's capital structure for the year under review was as shown below:

Authorised
63,671,045 Ordinary shares of TZS 20 each (2017: 63,671,045 Ordinary shares of TZS 20 each).

Issued up and fully paid
63,671,045 Ordinary shares of TZS 20 each (2017: 63,671,045 Ordinary shares of TZS 20 each).

Details of the capital structure are disclosed under Note 25 to the consolidated and separate financial statements.

9. MANAGEMENT
The management of the Company is led by the Managing Director and is organised in the following functions:

Directors' Report *(continued)*

- Financial;
- Plant Management;
- Commercial, Sales and Marketing; and,
- Human Resources and Administration.

10. KEY MANAGEMENT PERSONNEL OF THE GROUP

The key management personnel who served during the year, and to date of this report, were:

Name	Position	Qualifications	Age
Mr R. Swart	Managing Director	Bsc. (Mechanical Engineering)	45
Mr P. De Jager	Chief Financial Officer	B. Com (Accounting) B. Compt (Hons)/CTA, MBA	47
Mr B. Lema	Plant Manager	Bsc. (Mechanical Engineering)	59
Mr P. Brits	Commercial Manager	B. Com (Fin Management), MBA	50
Mrs D. Malambugi	Human Resources Manager	B. Mass-Com, MHRM, CIPD	49

11. DIRECTORS' REMUNERATION

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

	Amount in Tzs
Chairperson of the Board	30,322,909
Other directors	115,693,631

Executive directors' remuneration for the Group and the Company was TZS 2,084 million (2017: TZS 2,180 million).

12. SHAREHOLDERS OF THE COMPANY

The top ten shareholders at 31 December 2018 were:

Shareholder	2018	2017
1) AfriSam (Mauritius) Investment Holdings Limited	68.3%	68.3%
2) SCBT Nominees SCB Consumer Banking Re Kimberlite Frontier Master Africa Fund RCKM	3.8%	3.8%
3) Public Service Pension Fund	2.4%	2.4%
4) National Social Security Fund	1.8%	1.8%
5) Parastatal Pension Fund	1.3%	1.3%
6) The Registered Trustees of the TCCL Employees' Share Trust	1.1%	1.1%
7) Social Action Trust Fund	0.7%	0.7%
8) BNYM SA NV AS Custodian or Trustee	0.5%	0.5%
9) SCBT nominee Re SSB TAC RE Conrad N Hilton Foundation	0.5%	0.5%
10) Emillian Paschal Busara	0.4%	0.4%

Member summary as at 31 December:

	2018		2017	
	Number of Members	Number of shares	Number of Members	Number of Shares
1-1,000	9,092	2,980,846	9,156	3,013,597
1,001 - 5,000	1,254	3,451,517	1,265	3,482,643
5,001-10,000	363	2,220,748	364	2,227,793
10,000 plus	130	11,513,531	130	11,442,609
AfriSam (Mauritius) Investment Ltd	1	43,504,403	1	43,504,403
Total	**10,840**	**63,671,045**	**11,916**	**63,671,045**

The Managing Director, Mr R. Swart, continued to hold 7,000 ordinary shares in his personal capacity on the open market during the year. The shares were acquired with the approval of the Board on 13 May 2016. No other director held any ordinary shares in the Company.

13. STOCK EXCHANGE LISTING INFORMATION

On 26 September 2002, the Company listed its shares on the Dar es Salaam Stock Exchange (DSE) through an Initial Public Offering (IPO) at a price of TZS 360 per share. The Company's market capitalisation as at 31 December 2018 was TZS 40.75 billion (2017: TZS 76.4 billion). Total turnover of the Company's shares traded on the DSE for the year ended 31 December 2018 was TZS 406 million (2017: TZS 114 million). The average traded price of the Company's shares for the year was TZS 920 per share (2017: TZS 1,303) and the share price as at 31 December 2018 was TZS 640 per share.

14. MACRO – ECONOMIC OVERVIEW

The Group's growth in business continued to be anchored on the growth in demand of the Tanzanian cement and construction sector. The average annual headline inflation rate decreased to 3.1% in 2018 from 4.3% in 2017 as a result of governments' fiscal and monetary policies.

Economic performance remained stable with GDP growth of between 6.7.5% and 7.2% for the 2018 year. Robust infrastructure investment and a strengthening consumer base remained major drivers of the growth witnessed in 2018 supported by lower inflation levels, being in line with government's medium term monetary policy target of 5%.

The Group remains optimistic of the positive impact of infrastructure development plans under the Government's Development Vision 2025 programme and expects the projects to continue gaining momentum in 2019. Tanga Cement has capacity to meet a significant share of the cement demand in the country and remains committed to production of superior cement products.

15. FINANCIAL PERFORMANCE FOR THE YEAR

Financial Performance

Following the Group's drive to establish a healthy competitive footprint in the Tanzanian cement market in 2017 in extremely competitive pricing conditions, the Group focussed on improving margins and operational efficiencies in 2018 to improve profit margins, which were under severe pressure in the prior year.

Group sales revenue grew by 25% to TZS 215 billion from TZS 172 billion in 2017 whilst gross profit improved by 91% to TZS 56 billion from TZS 29 billion achieved in the prior year.

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) significantly improved by 304% to TZS 34 billion from TZS 8.5 billion in 2017 driven by the improvement in gross margin and operational efficiencies.

The Group achieved an operating profit of TZS 15 billion for 2018 compared to an operating loss of TZS 11 billion for 2017.

The loss for the year decreased by 57% from TZS 26.3 billion in 2017 to TZS 11.3 billion in 2018. This was mainly due to the increase in EBITDA.

Depreciation and financing costs linked to the capital investment of the second integrated production line commissioned in 2016, remain notable expenses for the Group.

Cash flows from operating activities before working capital changes improved to TZS 34 billion in 2018 from TZS 14 billion in 2017 while cash flows from operating activities improved to TZS 39 billion in 2018 from TZS 3 billion for 2017 mainly because of the improvement in operating results.

The Group continued to build on its significant safety achievement and reached a cumulative 4.2 million hours without lost time injuries as at 31 December 2018. The Group's commitment of creating a safe and sustainable work environment for all employees and contractors on site forms an integral part of the Company's corporate culture.

Capital structure

The balance between equity and debt was as follows:

	Group		Company	
	2018	**2017**	**2018**	**2017**
	TZS'000	**TZS'000**	**TZS'000**	**TZS'000**
Equity				
Issued capital	**1,273,421**	**1,273,421**	**1,273,421**	**1,273,421**
Retained earnings	149,111,151	162,000,436	150,151,239	161,473,124
	150,384,572	**163,273,857**	**151,424,660**	**162,746,545**
Net Debt				
Interest bearing loans – Non-current portion	188,698,008	191,524,837	188,698,008	191,524,837
Interest bearing loans - Current portion	35,153,065	33,384,911	35,153,065	33,384,911
Bank overdrafts	16,671,526	12,453,135	16,671,526	12,453,135
	240,522,599	**237,362,883**	**240,522,599**	**237,362,883**

Directors' Report *(continued)*

Further details on the Group's capital management are included in Note 34 to the consolidated and separate financial statements. The above capital structure was the result of a careful review of the debt carrying capacity of the Group taking into account the addition of the Kiln 2 capital expansion project. The Board considered the applicable business and economic risks associated with the new capital structure and found it to be within the risk tolerance of the Group without diluting the majority shareholders of the Company.

Key Performance Indicators

Key performance indicators, both financial and non-financial, are used by the directors to assess the Group's performance against its objectives. These long-term strategy execution indicators include financial budgets, production volumes and efficiency targets, improved cost management, sustainable environmental performance, marketing innovation, human resources excellence and corporate social responsibility programmes. In addition to the aforementioned indicators used in the prior financial year, the directors also focussed on customer service quality, route-to-market and logistics efficiency optimisation as key strategic initiatives during the year under review.

16. GROUP'S OBJECTIVES

The Group is proactively adapting its business strategies to the fluid geopolitical and macroeconomic market dynamics while remaining cognisant of the Group's core business and responsibility to all stakeholders. The Group's on-going cost optimisation and efficiency improvement programmes in production and operations are yielding exciting results while retaining brand equity of superior quality performance cement. The expansion of the production capacity following the investment in the second integrated production line has positioned the Group to meet the anticipated increase in cement demand in Tanzania. The Group's agreement with Tanzania Railway Corporation (TRC) allows the Group access to more dedicated wagons as well as sole rental agreements of rail depots along the strategic distribution lines. This advantage reduces storage and transportation costs while enhancing rail transport and distribution in Tanzania. The Group's stated objectives underpin the creation and preservation of shareholder value over the long-term.

17. TREASURY POLICIES AND OBJECTIVES

The major financing transactions undertaken up to the date of these financial statements are:
-Interest bearing term loans – to finance the second integrated production line (Kiln 2)
-Bank overdrafts – to finance working capital requirements
The effect of financing costs on the results for the year was a net charge of TZS 26.4 billion (2017: TZS 24.3 billion). This comprises the net of interest expense, interest income and foreign exchange losses for the year as indicated in the consolidated and separate statements of profit or loss and other comprehensive income.
The Group's treasury and financial risk management policies and objectives including the potential impact of interest rate changes are detailed in Note 35 to the consolidated and separate financial statements.

18. COMPLIANCE WITH BORROWING AGREEMENT COVENANTS

The Company signed a borrowing agreement with the Government Employees Pension Fund of South Africa for a term loan to finance the construction of the second intergrated production line (TK2). The Company is required to comply with specified financial covenants as indicated in the table below:

Financial Covenant Ratio	As calculated at 31 Dec 2018	Covenant Target Level	Compliance (Yes/No/ N/a)
Senior Debt Service Cover Ratio	1.5	>1.5	Yes
Total Debt Service Cover Ratio	1.5	>1.3	Yes
DEBT to EBITDA	N/a	N/a	N/a

The Company obtained from the lender a waiver letter dated 26 October 2017 for the Debt to EBITDA covenant for the period up to 31 December 2018. On 12 December 2018, the Company reached an agreement with the lender to restructure certain capital repayments as well as the Debt to EBITDA covenant ratio until 2022. Accordingly, the Company was compliant with the terms of the loan agreement as at 31 December 2018.

19. RESULTS AND DIVIDENDS

The Group incurred a loss after tax of TZS 11.3 billion for the year ended 31 December 2018 (2017: loss of TZS 26.3 billion). No interim or final dividend was declared and paid during the year. In 2017, in line with its dividend policy, the Company declared and paid the 2016 final dividend totalling TZS 1,592 million being TZS 25 per share.

20. FUTURE PROSPECTS

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

The construction and commissioning of a second integrated production line at the factory in Tanga in 2016 gave the Group sufficient capacity to produce its full clinker requirements. Accordingly, the Company will continue to increase cement production at a lower cost per ton in response to growing market demand. Excess clinker produced will continue to be sold as a semi-finished product.

21. RESOURCES

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

22. CASH FLOW PROJECTIONS

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

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

23. SOLVENCY

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

24. ACCOUNTING POLICIES

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

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

25. ACQUISITIONS AND DISPOSALS

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

26. INVESTMENTS

The Company owns 100% of the issued share capital of Cement Distributors (EA) Limited and 5% of the issued share capital of East African Rail Hauliers Limited (EARHL).

Detailed information regarding the Company's interests in the above investments is included in Note 19 to the consolidated and separate financial statements.

27. INVESTMENT IN SUBSIDIARY

Management reviewed the performance, forecasts and valuation of the Company's financial investment in Cement Distributors (EA) Limited and found no indicators that the carrying amount of the investment in the subsidiary could be impaired as at year-end. As such, no impairment charge on the investment was recognised during the year (2017: None).

28. EMPLOYEES' WELFARE

Management and Employees' Relationship

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

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

Training Facilities

During the year, the Group spent TZS 251 million for staff training in order to improve employee technical skills and effectiveness (2017: TZS 324 million). Programs have been, and continue to be, developed to ensure that employees are adequately trained at all levels.

Medical Scheme

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

Health and Safety

The Group has a world class risk, health and safety department which ensures that a culture of safety prevails at all times. All employees and contractors are provided with appropriate personal protective equipment, all of which meet the requirements of the Occupational Health and Safety Act 2003 and other legislation concerning industrial safety. The Company received a five star National Occupational Safety Association (NOSA) safety rating in 2018.

Financial Assistance to Staff

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

Persons with Disabilities

It remains the Group's policy to accept disabled persons for employment for those vacancies that they are able to fill.

Directors' Report *(continued)*

Opportunities for advancement are provided to each disabled person when a suitable vacancy arises within the Group and all necessary assistance is given with initial training. Where an employee becomes disabled during the course of his or her employment, the Group will seek to provide suitable alternative employment and any necessary training.

Employee Benefit Plans

Employees who were members of the Parastatal Pension Fund (PPF) were moved to the Public Service Social Security Fund (PSSSF) in October 2018 after the merging of the pension funds. Other employees are members of National Social Security Fund (NSSF). For the PPF/PSSF members, the Group contributes 15% of basic salary of each employee to the fund while for the NSSF members, the Group contributes 10% of the gross salary of each employee. The plans are defined contribution plans.

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

Employees' Share Trust

No additional loan was advanced to the Trust during the year. The Company performed an impairment assessment of the amounts due from the Trust and recognised an impairment charge of TZS 398 million as at year-end (2017: TZS 646 million).

29. GENDER PARITY

The Group is an equal opportunity employer. It gives equal access to employment opportunities and ensures that the best available person is appointed to any given position free from discrimination of any kind and without regard to factors like gender, marital status, tribe, religion and disability which does not impair ability to discharge duties. The Company had 296 (2017: 288) employees, of which 30 were female and 266 were male (2017: 35 female and 253 male). The Group had 369 (2017: 367) employees, of which 49 were female and 320 were male (2017: 45 female and 322 male).

30. POLITICAL DONATIONS

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

31. ENVIRONMENTAL CONTROL PROGRAMME

The Group has a formal environment management programme, accredited with the ISO 14001 environmental quality management system in 2015.

32. QUALITY

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

33. CORPORATE SOCIAL INVESTMENT

During the year, the Group continued to support the Tanzanian society through its corporate social investment programmes. The areas that have been supported are community development, education, health and the environment. During the year, the Group contributed TZS 156 million (2017: TZS 91 million) towards various corporate social investment initiatives.

34. SECRETARY TO THE BOARD

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

35. COMPLIANCE TO LAWS AND REGULATIONS

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

36. STATEMENT OF COMPLIANCE

The Directors' Report has been prepared in compliance with the Tanzania Financial Reporting Standard No. 1 (Directors' Report).

37. RELATED PARTY TRANSACTIONS

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

38. SERIOUS PREJUDICIAL MATTERS

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

39. AUDITORS

The auditor, Ernst & Young, has expressed willingness to continue in office as auditor and is eligible for re-appointment. A resolution proposing the re-appointment of Ernst & Young as auditor of the Group for the 2019 financial year will be tabled for shareholders' approval at the next Annual General Meeting.

APPROVED BY THE BOARD OF DIRECTORS ON 15 MARCH 2019, AND SIGNED ON ITS BEHALF BY:

L Masha	**R Swart**
Chairperson	Managing Director
15 March 2019	15 March 2019

Statement of Directors' Responsibilities for the year ended 31 December 2018

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

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

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

The Company's directors have made an assessment of the Group's and Company's ability to continue as going concerns and are satisfied that the Group and Company have access to sufficient resources necessary to continue in business for the foreseeable future. The Group and Company are solvent, have positive net cash flows from operations and sufficient approved undrawn working capital facilities. Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt upon the Group's and Company's ability to continue as going concerns. Therefore, the consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business

"Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt upon the Group's and Company's ability to continue as going concerns."

L Masha
Chairperson
15 March 2019

R Swart
Managing Director
15 March 2019

Declaration by the **Head of Finance** for the year ended 31 December 2018

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

It is the duty of a professional accountant to assist the Board of Directors to discharge the responsibility of preparing the consolidated and separate financial statements of the Group and Company showing a true and fair view position of the Group and Company in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 of Tanzania. Full legal responsibility for the consolidated and separate financial statements rests with the Board of Directors as indicated in the Statement of Directors' Responsibilities on the previous page.

I Pieter De Jager being the Chief Financial Officer of Tanga Cement Public Limited Company hereby acknowledge my responsibility of ensuring that the consolidated and separate financial statements for the year ended 31 December 2018 have been prepared in compliance with International Financial Reporting Standards and the requirements of the Companies Act, 2002 of Tanzania.

I thus confirm that the consolidated and separate financial statements give a true and fair view position of Tanga Cement Public Limited Company as on that date and that they have been prepared based on properly maintained financial records.

Pieter De Jager
Chief Financial Officer

NBAA Membership No. 2830
15 March 2019

"I thus confirm that the consolidated and separate financial statements give a true and fair view position of Tanga Cement Public Limited Company as on that date and that they have been prepared based on properly maintained financial records."

Independent Auditor's Report

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the consolidated and separate financial statements of Tanga Cement Public Limited Company (the "Company") and its subsidiaries (together, the "Group") set out on pages 53 to 114, which comprise the consolidated and separate statements of financial position as at 31 December 2018, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial positions of the Group and the Company as at 31 December 2018, and of the consolidated and separate financial performance and the consolidated and separate cash flows of the Group and the Company for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Companies Act, 2002 of Tanzania.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Tanzania, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provided the basis for our audit opinion on the accompanying consolidated and separate financial statements.

Independent Auditor's Report
(continued)

No.	Key audit matter	How our audit addressed the key audit matter
1.	**Compliance with debt covenants**	
	The Company is required to comply with the covenants in the loan agreement between the Company and Government Employees Pension Fund ("GEPF" or the "lender"). The GEPF debt agreement stipulates certain limitations on the Company when there is breach of the covenants. These limitations include not paying dividends without prior consent of the lender. In December 2018, the Company reached an agreement with the lender to restructure certain capital repayments as well as the Debt to EBITDA covenant ratio. Following this restructuring, the Company was compliant with the terms of the loan agreement as at 31 December 2018. We considered this to be a key audit matter since breach of the covenants could have a significant effect on the results and financial position of the Group and Company. We also considered there to be a risk that the Group's disclosures regarding the covenants and debt agreement, which are included in Notes 27 and 34 to the consolidated and separate financial statements are not complete.	Our audit procedures included but were not limited to: • Reviewing the Company's debt covenant calculations and evaluating compliance with the applicable debt covenants as of 31 December 2018. • Comparing the disclosures in the consolidated and separate financial statements regarding the changes in loan agreement terms with the related correspondence with the lender. • Reviewing the calculations for the impact of the changes in loan agreement terms on the measurement of the loan and assessing that the resulting re-measurement changes are recognised in the consolidated and separate financial statements. • Assessing the adequacy of the Group's disclosures regarding the covenants and debt agreement.
2.	**Accounting for tax positions**	
	Tax positions were significant to our audit because the assessment process involves judgement in the interpretation and application of tax laws and in assessing tax liabilities and contingencies that could arise from tax audits. The Group is required to comply with a number of taxes including income taxes, Value Added Tax, excise duty and payroll taxes. Determination of provisions and contingent liabilities for the taxes requires the directors to make judgements and estimates in relation to the tax exposures arising from open tax years and assessments. As disclosed in Note 36(b) to the consolidated and separate financial statements, during the year, the Company settled with Tanzania Revenue Authority (TRA) some open tax assessments, and the Group also had open tax assessments as at year-end. The open tax assessments and the settled assessments were significant to the consolidated and separate financial statements. We also considered there to be a risk that the disclosures on taxation in Notes 14 and 36 which are significant to the understanding of the Group's and Company's tax positions are not complete.	Our audit procedures included but were not limited to: • Understanding the Group's processes for recording and assessing of tax provisions and contingent liabilities. • Determining the completeness and reasonableness of the amounts recognized as tax liabilities and contingent liabilities, including the assessment of the matters in the correspondence with tax authorities and reports of the Company's external tax consultant, and the evaluation of the related tax exposures. • Including in our team tax specialists to analyse the tax positions and to evaluate the assumptions used to determine tax positions. • Assessing relevant historical and recent judgements passed by the tax authorities in considering any precedent. • Assessing the adequacy of the Group's disclosures in respect to taxation.

Other Information included in the Group's 2018 Annual Directors' Report

Other information consists of the information included in the Group Information, Directors' Report, Statement of Directors' Responsibilities and the Declaration by the Head of Finance, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date, other than the financial statements and our auditor's report thereon. The directors are responsible for the other

Independent Auditor's Report
(continued)

information.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the contents of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

The directors are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as going concerns. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and / or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and

Independent Auditor's Report
(continued)

performance of the Group audit. We remain solely responsible for our audit opinion

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Julius Rwajekare.

Signed by Julius Rwajekare (TACPA 2760)
For and on behalf of Ernst & Young
Certified Public Accountants
Dar es Salaam

Date: 28 June 2019

SIMBA CEMENT
STRENGTH WITHIN

RAIL WAY STATION-Tabora
The rail route followed an old caravan trade route to Tabora, which gave large logstic advantage. German settlers soon followed with plantations. It opened up trade between Lake Tanganyika and the East coast and spurred the growth of the ports at its termini

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Group 2018 TZS'000	Group 2017 TZS'000	Company 2018 TZS'000	Company 2017 TZS'000
Revenue from contracts with customers	5	214,922,899	171,744,715	205,951,168	150,488,539
Cost of sales	6	(158,771,016)	(142,317,940)	(152,935,264)	(125,714,112)
Gross profit		**56,151,883**	**29,426,775**	**53,015,904**	**24,774,427**
Other income	7	524,364	61,911	367,936	55,558
Other expenses	7	(292,106)	(582,014)	(249,292)	(582,014)
Selling expenses	8	(4,270,914)	(3,866,175)	(4,342,924)	(3,534,844)
Administration expenses	9	(17,434,134)	(16,527,879)	(14,811,514)	(13,975,118)
Depreciation charge	10	(19,106,942)	(18,853,021)	(18,884,665)	(18,762,437)
Expected credit losses (increase)/decrease	10	(304,926)	-	490,286	-
Impairment charge	10	(397,981)	(646,089)	(397,981)	(646,089)
Operating profit/(loss)		**14,869,244**	**(10,986,492)**	**15,187,750**	**(12,670,517)**
Interest expense	11	(22,017,612)	(15,140,023)	(22,017,612)	(15,140,024)
Finance income	12	28,630	43,881	28,630	43,881
Foreign exchange loss	13	(4,415,305)	(9,162,273)	(4,350,346)	(9,088,724)
Loss before tax		**(11,535,043)**	**(35,244,907)**	**(11,151,578)**	**(36,855,384)**
Income tax credit	14(a)	276,300	8,904,753	448,571	9,777,070
Loss for the year		**(11,258,743)**	**(26,340,154)**	**(10,703,007)**	**(27,078,314)**
Other comprehensive income					
Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax):					
Exchange differences on translation of foreign operations		(11,614)	(13,582)	-	-
Other comprehensive income net of tax		**(11,614)**	**(13,582)**	**-**	**-**
Total comprehensive income for the year, net of tax		**(11,270,357)**	**(26,353,736)**	**(10,703,007)**	**(27,078,314)**
Loss for the year attributable to:					
Owners of the parent		(11,258,743)	(26,340,154)	(10,703,007)	(27,078,314)
Non-controlling interests		-	-	-	-
		(11,258,743)	**(26,340,154)**	**(10,703,007)**	**(27,078,314)**
Total comprehensive income for the year attributable to:					
Owners of the parent		(11,270,357)	(26,353,736)	(10,703,007)	(27,078,314)
Non-controlling interests		-	-	-	-
		(11,270,357)	**(26,353,736)**	**(10,703,007)**	**(27,078,314)**

	Notes	2018 TZS/share	2017 TZS/share
Basic loss per share(TZS)	15(a)	(179)	(418)
Diluted loss per share(TZS)	15(b)	(179)	(418)

WARAKA WA FAIDA AU HASARA NA MAPATO YA KINA YA KUNDI NA KAMPUNI
KWA MWAKA ULIOISHIA 31 DISEMBA 2018

	Maelezo	Kundi 2018 TZS'000	Kundi 2017 TZS'000	Kampuni 2018 TZS'000	Kampuni 2017 TZS'000
Mapato yatokanayo na mikataba na watajea	5	214,922,899	171,744,715	205,951,168	150,488,539
Gharama za mauzo	6	(158,771,016)	(142,317,940)	(152,935,264)	(125,714,112)
Faida Ghafi		**56,151,883**	**29,426,775**	**53,015,904**	**24,774,427**
Mapato mengineyo	7	524,364	61,911	367,936	55,558
Gharama zinginezo	7	(292,106)	(582,014)	(249,292)	(582,014)
Gharama za mauzo	8	(4,270,914)	(3,866,175)	(4,342,924)	(3,534,844)
Gharama za utawala	9	(17,434,134)	(16,527,879)	(14,811,514)	(13,975,118)
Uchakavu	10	(19,106,942)	(18,853,021)	(18,884,665)	(18,762,437)
Hasara inayotarajiwa kutokana na madeni (Ongezeko)/ punguzo	10	(304,926)	-	490,286	-
Mali iliyoharibika	10	(397,981)	(646,089)	(397,981)	(646,089)
Faida za shughuli za biashara/(hasara)		**14,869,244**	**(10,986,492)**	**15,187,750**	**(12,670,517)**
Gharama za riba	11	(22,017,612)	(15,140,023)	(22,017,612)	(15,140,024)
Mapato ya riba	12	28,630	43,881	28,630	43,881
Hasara za ubadilishwaji wa fedha za kigeni	13	(4,415,305)	(9,162,273)	(4,350,346)	(9,088,724)
Hasara kabla ya Kodi		**(11,535,043)**	**(35,244,907)**	**(11,151,578)**	**(36,855,384)**
Kodi ya Mapato	14(a)	276,300	8,904,753	448,571	9,777,070
Hasara kwa Mwaka		**(11,258,743)**	**(26,340,154)**	**(10,703,007)**	**(27,078,314)**
Mapato ya Kina					
Mapato ya kina baada ya kodi yatakayo ainishwa kama faida au hasara kwa vipindi vijavyo:					
Tofauti katika ubadilishaji fedha wa shughuli zifwanyazo nje ya nchi		(11,614)	(13,582)	-	-
Mapato ya kina baada ya kodi		**(11,614)**	**(13,582)**	**-**	**-**
Jumla ya Mapato ya kina kwa mwaka baada ya kodi		**(11,270,357)**	**(26,353,736)**	**(10,703,007)**	**(27,078,314)**
Hasara kwa mwaka iliyoidhinishwa kwa:					
Wamiliki wa Kampuni mama		(11,258,743)	(26,340,154)	(10,703,007)	(27,078,314)
Masalahi yasiyodhibitika		-	-	-	-
		(11,258,743)	**(26,340,154)**	**(10,703,007)**	**(27,078,314)**
Mapato ya kina ya mwaka yaliyoidhinishwa kwa:					
Wamiliki wa Kampuni mama		(11,270,357)	(26,353,736)	(10,703,007)	(27,078,314)
Wamiliki wasio na udhibiti		-	-	-	-
		(11,270,357)	**(26,353,736)**	**(10,703,007)**	**(27,078,314)**

	Maelezo	2018 TZS/hisa	2017 TZS/hisa
Hasara kwa hisa (TZS)	15(a)	(179)	(418)
Hasara uliyopunguzwa kwa kila hisa (TZS)	15(b)	(179)	(418)

SIMBA CEMENT
STRENGTH WITHIN

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Group 2018 TZS'000	Group 2017 TZS'000	Company 2018 TZS'000	Company 2017 TZS'000
ASSETS					
Non-current assets					
Property, plant and equipment	16	347,265,779	361,906,745	346,843,971	359,990,184
Investment property	19(a)	1,255,870	-	-	-
Investment in subsidiary	19(b)	-	-	1,746,976	1,746,976
Equity investment	19(c)	100	100	100	100
Deferred tax asset	14(c)	76,802	-	-	-
Financial asset - Interest rate cap	20(a)	6,466,965	4,994,316	6,466,965	4,994,316
		355,065,516	**366,901,161**	**355,058,012**	**366,731,576**
Current assets					
Due from employees' share trust	18	-	-	450,016	843,782
Inventories	21	44,806,561	38,043,179	44,144,082	37,518,276
Trade and other receivables	22	11,023,316	16,307,758	12,889,520	15,695,543
VAT recoverable	23	132,190	6,512,432	132,190	6,477,059
Current income tax recoverable	14(d)	1,634,434	2,303,416	1,430,579	2,129,325
Cash and bank balances	24	16,999,527	7,464,405	16,316,053	5,606,749
		74,596,028	**70,631,190**	**75,362,440**	**68,270,734**
TOTAL ASSETS		**429,661,544**	**437,532,351**	**430,420,452**	**435,002,310**
EQUITY AND LIABILITIES					
Equity					
Issued capital	25	1,273,421	1,273,421	1,273,421	1,273,421
Translation reserve		(2,427)	9,187	-	-
Treasury shares	18	(450,016)	(843,782)	-	-
Retained earnings		149,111,151	162,000,436	150,151,239	161,473,124
Equity attributable to owners of the parent		**149,932,129**	**162,439,262**	**151,424,660**	**162,746,545**
Non-controlling interest		-	-	-	-
Total equity		**149,932,129**	**162,439,262**	**151,424,660**	**162,746,545**
Non-current liabilities					
Provision for site restoration	26	26,057	25,077	26,057	25,077
Deferred tax liability	14(b)	4,729,907	6,869,709	4,729,907	6,869,709
Term borrowings: Non-current portion	27(a)	188,698,008	191,524,837	188,698,008	191,524,837
		193,453,972	**198,419,623**	**193,453,972**	**198,419,623**
Current liabilities					
Term borrowings: Current portion	27(a)	35,153,065	33,384,911	35,153,065	33,384,911
Trade and other payables	28(a)	29,836,318	30,835,420	29,379,461	27,998,096
Contract liabilities	28(b)	4,233,768	-	3,957,002	-
Derivative liabilities	20(b)	380,766	-	380,766	-
Bank overdrafts	27(b)	16,671,526	12,453,135	16,671,526	12,453,135
		86,275,443	**76,673,466**	**85,541,820**	**73,836,142**
Total liabilities		**279,729,415**	**275,093,089**	**278,995,792**	**272,255,765**
TOTAL EQUITY AND LIABILITIES		**429,661,544**	**437,532,351**	**430,420,452**	**435,002,310**

These consolidated and separate financial statements were approved by the Board of Directors for issue on 15 March 2019 and were signed on their behalf by:

Name: Lawrence Masha
Title: Chairman

Name:Reinhardt Swart
Title: Managing Director

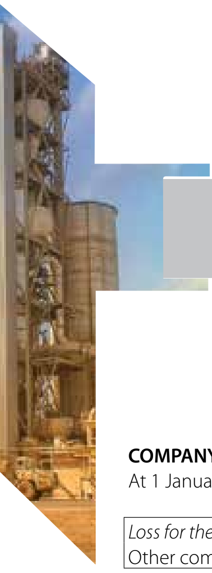
WARAKA WA HALI YA KIFEDHA WA KUNDI NA KAMPUNI
KAMA ILIVYOKUWA 31 DESEMBA 2018

	Maelezo	Kundi 2018 TZS'000	Kundi 2017 TZS'000	Kampuni 2018 TZS'000	Kampuni 2017 TZS'000
RASILIMALI					
Rasilimali za kudumu					
Mali, mitambo na vifaa	16	347,265,779	361,906,745	346,843,971	359,990,184
Rasilimali za uwekezaji	19(a)	1,255,870	-	-	-
Uwekezaji katika kampuni tanzu	19(b)	-	-	1,746,976	1,746,976
Uwekezaji kwa washirika	19(c)	100	100	100	100
Rasilimali kodi iliyohairishwa	14(c)	76,802	-	-	-
Mali za kifedha	20(a)	6,466,965	4,994,316	6,466,965	4,994,316
		355,065,516	**366,901,161**	**355,058,012**	**366,731,576**
Rasilimali za Muda					
Stahiki kutoka kwa mfuko wa hisa za wafanyakazi	18	-	-	450,016	843,782
Bidhaa	21	44,806,561	38,043,179	44,144,082	37,518,276
Wadaiwa wa kibiashara na wengine	22	11,023,316	16,307,758	12,889,520	15,695,543
Rudisho la Kodi ya ongezeko la thamani	23	132,190	6,512,432	132,190	6,477,059
Kodi ya mapato ya kampuni itakayorudishwa	14(d)	1,634,434	2,303,416	1,430,579	2,129,325
Baki ya fedha taslimu na benki	24	16,999,527	7,464,405	16,316,053	5,606,749
		74,596,028	**70,631,190**	**75,362,440**	**68,270,734**
JUMLA YA RASILIMALI		**429,661,544**	**437,532,351**	**430,420,452**	**435,002,310**
HISA NA DHIMA					
Mtaji wa Akiba					
Mtaji wa hisa zilizotolewa	25	1,273,421	1,273,421	1,273,421	1,273,421
Hifadhi ya tafsiri za shughuli za nje ya nchi		(2,427)	9,187	-	-
Hisa za hazina	18	(450,016)	(843,782)	-	-
Mapato yaliyobakishwa		149,111,151	162,000,436	150,151,239	161,473,124
Hisa inaidhinishwa kwa wamiliki wa kampuni mama		**149,932,129**	**162,439,262**	**151,424,660**	**162,746,545**
Maslahi yasiyodhibitika		-	-	-	-
Jumla ya mtaji na akiba		**149,932,129**	**162,439,262**	**151,424,660**	**162,746,545**
Dhima za kudumu					
Tengo kwa ajili ya uboreshaji wa eneo la machimbo	26	26,057	25,077	26,057	25,077
Tengo la kodi ilioahirishwa	14(b)	4,729,907	6,869,709	4,729,907	6,869,709
Mkopo wa muda mrefu	27(a)	188,698,008	191,524,837	188,698,008	191,524,837
		193,453,972	**198,419,623**	**193,453,972**	**198,419,623**
Dhima za muda					
Mkopo wa muda mfupi	27(a)	35,153,065	33,384,911	35,153,065	33,384,911
Malipo ya biashara na mengineyo	28(a)	29,836,318	30,835,420	29,379,461	27,998,096
Madeni ya mikataba	28(b)	4,233,768	-	3,957,002	-
Madeni ya mikataba ya kifedha	20(b)	380,766	-	380,766	-
Ovadrafti za benki	27(b)	16,671,526	12,453,135	16,671,526	12,453,135
		86,275,443	**76,673,466**	**85,541,820**	**73,836,142**
Jumla ya dhima		**279,729,415**	**275,093,089**	**278,995,792**	**272,255,765**
JUMLA YA HISA NA DHIMA		**429,661,544**	**437,532,351**	**430,420,452**	**435,002,310**

Taarifa hizi kamili za fedha ziliidhinishwa na Bodi ya Wakurugenzi tarehe 15 Machi 2019 na zilitiwa saini kwa niaba yao na:

Jina: Lawrence Masha
Cheo: Mwenyekiti

Jina: Reinhardt Swart
Cheo: Mkurugenzi Mtendaji



CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Issued capital TZS'000	Translation reserve* TZS'000	Treasury shares TZS'000	Retained earnings TZS'000	Total TZS' 000
COMPANY						
At 1 January 2017		1,273,421	-	-	190,095,631	191,369,052
Loss for the year		-	-	-	(27,078,314)	(27,078,314)
Other comprehensive income		-	-	-		-
Total comprehensive income		-	-	-	(27,078,314)	(27,078,314)
Rescinded unclaimed interim dividend for 2010		-	-	-	47,583	47,583
Dividends approved	30	-	-	-	(1,591,776)	(1,591,776)
At 31 December 2017		**1,273,421**	**-**	**-**	**161,473,124**	**162,746,545**
At 1 January 2018		1,273,421	-	-	161,473,124	162,746,545
Impact of initial application of IFRS 9	2.4	-	-	-	(943,060)	(943,060)
Deferred tax effect	14(b)	-	-	-	282,918	282,918
As at 1 January 2018 - restated		**1,273,421**	**-**	**-**	**160,812,982**	**162,086,403**
Loss for the year		-	-	-	(10,703,007)	(10,703,007)
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	-	(10,703,007)	(10,703,007)
Rescinded unclaimed final dividend for 2010		-	-	-	41,264	41,264
Dividend approved	30	-	-	-	-	-
At 31 December 2018		**1,273,421**	**-**	**-**	**150,151,239**	**151,424,660**
GROUP						
At 1 January 2017		1,273,421	22,769	(1,506,571)	189,884,783	189,674,402
Profit for the year		-	-	-	(26,340,154)	(26,340,154)
Transfer from revaluation reserve		-	-		-	-
Other comprehensive income		-	(13,582)	-	-	(13,582)
Total comprehensive income		-	(13,582)	-	(26,340,154)	(26,353,736)
Rescinded unclaimed interim dividend for 2010		-	-	-	47,583	47,583
Changes in treasury shares	18	-	-	662,789	-	662,789
Dividend approved	30	-	-	-	(1,591,776)	(1,591,776)
At 31 December 2017		**1,273,421**	**9,187**	**(843,782)**	**162,000,436**	**162,439,262**
At 1 January 2018		1,273,421	9,187	(843,782)	162,000,436	162,439,262
Impact of initial application of IFRS 9	2.4	-	-	-	(2,053,632)	(2,053,632)
Deferred tax impact	14(b)	-	-	-	381,826	381,826
As at 1 January 2018 - restated		**1,273,421**	**9,187**	**(843,782)**	**160,328,630**	**160,767,456**
Loss for the year		-	-	-	(11,258,743)	(11,258,743)
Other comprehensive income		-	(11,614)	-	-	(11,614)
Total comprehensive income		-	(11,614)	-	(11,258,743)	(11,270,357)
Rescinded unclaimed final dividend for 2010		-	-	-	41,264	41,264
Changes in treasury shares	18	-	-	393,766	-	393,766
At 31 December 2018		**1,273,421**	**(2,427)**	**(450,016)**	**149,111,151**	**149,932,129**

*The translation reserve comprises the foreign currency differences arising from the translation of the financial statements of controlled foreign operations.

WARAKA WA MABADILIKO YA HISA/ MTAJI WA KUNDI NA KAMPUNI
KWA MWAKA ULIOISHIA TAREHE 31 DESEMBA 2018

	Maelezo	Mtaji wa hisa uliotolewa TZS'000	Hifadhi ya ubadilishaji wa shughuli za nje ya nchi* TZS'000	Hisa za hazina TZS'000	Baki ya fedha taslimu na benki TZS' 000	Jumla TZS'000
KAMPUNI						
Tarehe 1 Januari 2017		1,273,421	-	-	190,095,631	191,369,052
Hasara kwa mwaka		-	-	-	(27,078,314)	(27,078,314)
Mapato ya kina		-	-	-		-
Jumla ya mapato		-	-	-	(27,078,314)	(27,078,314)
Gawio lililorudishwa ambalo halikuchukuliwa mwaka 2010		-	-	-	47,583	47,583
Gawio lililoidhinishwa	30	-	-	-	(1,591,776)	(1,591,776)
Tarehe 31 Disemba 2017		**1,273,421**	**-**	**-**	**161,473,124**	**162,746,545**
Tarehe 1 Januari 2018		1,273,421	-	-	161,473,124	162,746,545
Madhara ya mwanzo wa matumizi wa IFRS 9	2.4	-	-	-	(943,060)	(943,060)
Kodi yake iliyoahirishwa	14(b)	-	-	-	282,918	282,918
Tarehe 1 Januari 2018 baada ya madhara ya IFRS 9		**1,273,421**	**-**	**-**	**160,812,982**	**162,086,403**
Hasara kwa mwaka		-	-	-	(10,703,007)	(10,703,007)
Mapato ya kina		-	-	-	-	-
Jumla ya mapato		-	-	-	(10,703,007)	(10,703,007)
Gawio la mwisho la 2010 ambalo halikuchukuliwa		-	-	-	41,264	41,264
Gawio lililoidhinishwa	30	-	-	-	-	-
Tarehe 31 Disemba 2018		**1,273,421**	**-**	**-**	**150,151,239**	**151,424,660**
KUNDI						
At 1 January 2017		1,273,421	22,769	(1,506,571)	189,884,783	189,674,402
Hasara kwa mwaka		-	-	-	(26,340,154)	(26,340,154)
Hamisho kutoka kwenye hifadhi ya kuthaminishwa		-	-	-	-	-
Mapato ya kina		-	(13,582)	-	-	(13,582)
Jumla ya mapato		-	(13,582)	-	(26,340,154)	(26,353,736)
Gawio lililorudishwa ambalo halikuchukuliwa mwaka 2010		-	-	-	47,583	47,583
Mabadiliko wa hisa za hazina	18	-	-	662,789	-	662,789
Gawio lililoidhinishwa	30	-	-	-	(1,591,776)	(1,591,776)
Tarehe 31 Disemba 2017		**1,273,421**	**9,187**	**(843,782)**	**162,000,436**	**162,439,262**
Tarehe 1 Januari 2018		1,273,421	9,187	(843,782)	162,000,436	162,439,262
Madhara ya mwanzo wa matumizi wa IFRS 9	2.4	-	-	-	(2,053,632)	(2,053,632)
Kodi yake iliyoahirishwa	14(b)	-	-	-	381,826	381,826
Tarehe 1 Januari 2018 baada ya madhara ya IFRS 9		**1,273,421**	**9,187**	**(843,782)**	**160,328,630**	**160,767,456**
Hasara kwa mwaka		-	-	-	(11,258,743)	(11,258,743)
Mapato ya kina		-	(11,614)	-	-	(11,614)
Jumla ya mapato		-	(11,614)	-	(11,258,743)	(11,270,357)
Gawio la mwisho la 2010 ambalo halikuchukuliwa		-	-	-	41,264	41,264
Mabadiliko ya hisa za hazina	18	-	-	393,766	-	393,766
Tarehe 31 Disemba 2018		**1,273,421**	**(2,427)**	**(450,016)**	**149,111,151**	**149,932,129**

*Hidadhi ya ubadilishwaji wa shughuli za nje ya nchi unatokana na utofauti wa fedha za kigeni unaotokea wakati wa ubadilishaji wa taarifa za fedha za makampuni yanayomilikiwa yaliyosajiliwa na kufanya shughuli zake nje ya nchi.

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Group 2018 TZS' 000	Group 2017 TZS'000	Company 2018 TZS'000'	Company 2017 TZS'000
OPERATING ACTIVITIES					
Cash generated from operating activities	29	39,816,869	3,654,704	40,552,523	2,035,866
Interest income received	12	28,630	43,881	28,630	43,881
Income taxes paid	14(d)	(820,014)	(618,434)	(640,085)	-
Net cash flows from operating activities		**39,025,485**	**3,080,151**	**39,941,068**	**2,079,747**
INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		192,665	3,728	183,297	-
Purchase of property, plant and equipment		(6,026,939)	(7,975,431)	(5,995,492)	(7,734,979)
Proceeds from sale of investment in associate		-	651,786	-	651,786
Net cash flows used in investing activities		**(5,834,274)**	**(7,319,917)**	**(5,812,195)**	**(7,083,193)**
FINANCING ACTIVITIES					
Proceeds from borrowings	27(a)	-	22,216,383	-	22,216,383
Interest paid		(22,709,945)	(13,141,604)	(22,709,945)	(13,141,604)
Loan repayment	27(a)	(5,275,673)	(11,883,494)	(5,275,673)	(11,883,494)
Dividends paid to equity holders of the parent		-	(1,591,776)	-	(1,591,776)
Net cash flows used in financing activities		**(27,985,618)**	**(4,400,491)**	**(27,985,618)**	**(4,400,491)**
Net increase/ (decrease) in cash and cash equivalents		5,205,593	(8,640,257)	6,143,255	(9,403,937)
Net foreign exchange differences		272,067	971,423	347,658	1,056,052
Cash and cash equivalents at 1 January		(5,149,659)	2,519,175	(6,846,386)	1,501,499
Cash and cash equivalents at 31 December	**24**	**328,001**	**(5,149,659)**	**(355,473)**	**(6,846,386)**

WARAKA WA HALI YA KIFEDHA WA KUNDI NA KAMPUNI
KAMA ILIVYOKUWA 31 DESEMBA 2018

	Maelezo	Kundi 2018 TZS'000	Kundi 2017 TZS'000	Kampuni 2018 TZS'000	Kampuni 2017 TZS'000
SHUGHULI ZA UENDESHAJI					
Fedha kutoka kwenye uendeshaji	29	39,816,869	3,654,704	40,552,523	2,035,866
Riba iliyopokelewa	12	28,630	43,881	28,630	43,881
Kodi ya mapato iliyolipwa	14(d)	(820,014)	(618,434)	(640,085)	-
Fedha taslimu inayotokana na uendeshaji		**39,025,485**	**3,080,151**	**39,941,068**	**2,079,747**
SHUGHULI ZA UWEKEZAJI					
Mauzo ya mali, mitambo na vifaa		192,665	3,728	183,297	-
manunuzi ya mali, mitambo na vifaa		(6,026,939)	(7,975,431)	(5,995,492)	(7,734,979)
Mauzo ya sehemu ya uwekezaji		-	651,786	-	651,786
Fedha taslimu zilizotumika katika shughuli za uwekezaji		**(5,834,274)**	**(7,319,917)**	**(5,812,195)**	**(7,083,193)**
SHUGHULI ZA UGHARIMIAJI					
Fedha zilizotokana na mikopo	27(a)	-	22,216,383	-	22,216,383
Riba iliyolipwa		(22,709,945)	(13,141,604)	(22,709,945)	(13,141,604)
Malipo ya mkopo	27(a)	(5,275,673)	(11,883,494)	(5,275,673)	(11,883,494)
Gawio la kawaida lililolipwa		-	(1,591,776)	-	(1,591,776)
Fedha taslimu iliyotumiwa katika shughuli za ugharImiaji		**(27,985,618)**	**(4,400,491)**	**(27,985,618)**	**(4,400,491)**
Ongezeko/ (Punguzo) katika fedha taslimu na fedha linganifu		5,205,593	(8,640,257)	6,143,255	(9,403,937)
Tofauti halisi kutokana na ubadilishaji fedha za kigeni		272,067	971,423	347,658	1,056,052
Fedha taslimu na fedha linganifu tarehe 1 Januari		(5,149,659)	2,519,175	(6,846,386)	1,501,499
Fedha taslimu na fedha linganifu tarehe 31 Disemba	**24**	**328,001**	**(5,149,659)**	**(355,473)**	**(6,846,386)**

Notes to the consolidated and separate financial statements

FOR THE YEAR ENDED 31 DECEMBER 2018

1. CORPORATE INFORMATION

The consolidated and separate financial statements of the Group for the year ended 31 December 2018 were approved for issue in accordance with a resolution of the Board of Directors on the date indicated under the statement of financial position. Tanga Cement Public Limited Company (the "Company"), the reporting entity, is incorporated in Tanzania under the Companies Act 2002 as a limited liability company and is domiciled in Tanga, Tanzania. The Company's shares are publicly traded on the Dar es Salaam Stock Exchange.

The principal activities of the Group are disclosed in the Directors' Report. Information about the Group is disclosed on page 36.

The Company has one fully owned subsidiary, Cement Distributors (EA) Limited (CDEAL) that is incorporated and domiciled in Tanzania. CDEAL fully owns and controls Cement Distributors (EA) Limited – Rwanda and Cement Distributors (EA) Limited – Burundi that are incorporated and domiciled in Rwanda and Burundi, respectively. The Company also owns 5% of the shares in East African Railway Hauliers Limited (EARHL) that is incorporated and domiciled in Tanzania. The principal activity of EARHL is rail transportation of cement and other goods.

From the Group perspective, The Registered Trustees of the TCCL Employees' Share Trust (the "Trust"), is a consolidated structured entity since the Trust was specifically set up in order to facilitate the delivery of shares to the Company's employees.

Information on the ultimate parent of the Company is presented in Note 37 to the consolidated and separate financial statements.

2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The consolidated and separate financial statements have been prepared on a historical cost basis, except for derivative financial instruments and equity instruments at fair value through other comprehensive income, which are measured at fair value.

The consolidated and separate financial statements are prepared in Tanzanian Shillings with all values rounded to the nearest thousand (TZS'000'), except when otherwise indicated. These consolidated and separate financial statements cover the year ended 31 December 2018.

2.2 STATEMENT OF COMPLIANCE AND BASIS OF CONSOLIDATION

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

The financial statements comprise the financial statements of the Group and its subsidiary and consolidated structured entity as at 31 December 2018. The subsidiary is fully consolidated from the date of acquisition, being the date on which the Group obtained control (Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee), and continues to be consolidated until the date when such control ceases. The financial statements of the subsidiary are prepared for the same reporting period as the parent company, using consistent accounting policies. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

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

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

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

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

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

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

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Business combinations and goodwill

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

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

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

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

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

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

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

b) Investment in subsidiary

The investment in subsidiary is measured at cost in the Company's separate financial statements. The Company determines at each reporting date whether there is any objective evidence that the investment in the subsidiary is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying amount and recognises the amount in profit or loss

c) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

d) Fair value measurement

The Group measures financial instruments such as derivatives, and non-financial assets such as investment property, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets, such as investment property. Involvement of external valuers is determined annually by management after discussion with and approval by the Company's Audit, Risk and Compliance Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Valuers are normally rotated every three years. Management decides, after discussions with the Group's external valuers, the valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

On an interim basis, management and the Group's external valuers present the valuation results to the Audit, Risk and Compliance Committee and the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group determines classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed are presented under the respective notes.

e) Foreign currency translation

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

Transactions and balances

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

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

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

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

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

Group companies

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

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date

.f) Revenue from contracts with customers

The Group applied IFRS 15 for the first time during the year using the modified retrospective approach. Consequently, the comparative balances are based on the accounting policies used before adoption of IFRS 15. The accounting policies applied to the comparative balances and current year balances are indicated below.

2017 accounting policy

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

The specific recognition criteria described below must also be met

Revenue from contracts with customers (continued)

before revenue is recognised.

Sale of goods

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

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

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

2018 accounting policy
Revenue represents income arising in the course of Group's ordinary activities, which leads to an increase of economic benefits during the accounting period. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer. The Group applied the portfolio approach in assessing the contracts. Revenue is stated net of value-added tax (VAT) and excise duty.

Revenue is primarily derived from the sale of cement and provision of transport services. Payments from customers for which no goods have been transferred are carried in the statement of financial position as a contract liability until when the control of the related goods passes to the customer.

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

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

Revenue from sale of goods is recognized at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. The normal credit terms are 30 days upon delivery.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of goods, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer, if any.

Variable consideration
If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of goods provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

Right of return
Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer. The Group currently does not have experience of returns that are material to the consolidated and separate financial statements.

Volume rebates
The Group provides retrospective volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Group applies the most likely amount method for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The Group then applies the requirements on constraining estimates of variable consideration and recognises a refund liability for the expected future rebates.

Significant financing component
Generally, the Group receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Transportation service fees
The Group provides transportation services that are either sold separately or bundled together with the sale of goods to a customer. For revenue contracts that involve sale of goods and provision of transportation services, such contracts for bundled sales of goods and transport services comprise one performance obligation because the promises to transfer goods and provide transport services are not capable of being distinct and separately identifiable. Accordingly, the Group does not allocate the transaction price based on the relative stand-alone selling prices of the goods and transport services.

The Group recognises revenue at the point in time when the goods have been delivered at the customer's premises.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to Note 2.3(m) for the accounting policy on trade receivables.

Contract liabilities

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

Right of return assets

Right of return asset represents the Group's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Group updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Cost to obtain contract

The Group pays sales commission to its sales force known as Trade Development Representatives based on the volume sold in their respective areas. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Group to immediately expense sales commissions (included under employee benefits and part of cost of sales).

g) Taxation

Current income tax

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

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

Deferred tax

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

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

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

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

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

Value Added Tax

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

- Where the Value Added Tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the Value Added Tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- Receivables and payables that are stated with the amount of Value Added Tax included.

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

h) Property, plant and equipment

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

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

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

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

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

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

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

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

i) Leases

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

Group as a lessee

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

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

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

j) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to prepare for its intended use or sale, are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Notes to the consolidated and separate financial statements

FOR THE YEAR ENDED 31 DECEMBER 2018

Borrowing costs may include:

- Interest expense calculated using the effective interest method as described in IFRS 9/ IAS 39 Financial Instruments;
- Finance charges in respect of finance leases recognised in accordance with IAS 17 Leases; and
- Exchange differences arising from foreign currency borrowings and other financing costs to the extent that they are regarded as an adjustment to interest costs.

The Group capitalises borrowing costs for all eligible assets.

k) Investment property

Investment property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is carried at historical cost less accumulated depreciation and impairment. Depreciation on investment property is computed on a straight-line basis over the estimated useful lives of the assets. The rate of depreciation used is:

Buildings 20 years

Investment property is derecognised either when it has been disposed of (i.e., at the date the recipient obtains control) or when it is permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in IFRS 15.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

l) Intangible assets

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

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

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

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

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss.

m) Financial instruments

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

During the year, the Group adopted IFRS 9 Financial instruments using the modified retrospective approach. Consequently, the accounting policies applied for the comparative balances are based on the accounting standards applied before IFRS 9. The accounting policies applied for the comparative and current year balances are indicated below.

Financial assets

2017 accounting policy

Initial recognition and measurement

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

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

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

The Group's financial assets include cash and short-term deposits (included under cash and cash equivalents), trade and other receivables, interest rate cap and the amount due from the Trust.

Subsequent measurement

Cash and short-term deposits, trade and other receivables and the amount due from the employees' share trust are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, such financial

m) Financial instruments **(contd.)**

Derecognition

assets are subsequently measured at amortised cost using the effective interest method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the Effective Interest Rate (EIR). The EIR amortisation is included in finance income in profit or loss. The losses arising from impairment are recognised in profit or loss.

The accounting policy for de-recognition of financial assets did not change on application of IFRS 9. Refer to the 2018 policy on de-recognition of financial assets below.

Impairment of financial assets

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

Financial assets carried at amortised cost

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

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

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss.

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

Derivative financial instruments

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

The premium paid is recognized at fair value and any changes are capitalized as borrowing costs under the qualifying Property, Plant and Equipment item if the capitalisation criteria in note 2.3(j) is met.

Note 20 to the consolidated and separate financial statements provides a detailed breakdown of the interest rate cap disclosure.

2018 accounting policy

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in Note 2.3(f) Revenue recognition.

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

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

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

Subsequent measurement

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

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

- Only the financial assets at amortised cost (debt instruments) and equity instruments at fair value though other comprehensive income categories were relevant to the Group for the current year.

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

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

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

The Group's financial assets at amortised cost include trade and other receivables, amounts due from the Trust and bank balances.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Group subsequently measures all investments in equity instruments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through OCI.

The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Derivative financial instruments

The Company uses derivative financial instruments, such as interest rate swaps and forward currency contracts to hedge its interest rate risks and foreign currency risks, respectively. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in profit or loss.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered and are subsequently re-measured at their fair value. Fair values are obtained from quoted market prices in active markets including recent market transactions.

A derivative is disclosed as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are disclosed as current assets or current liabilities.

Derecognition

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

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

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

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

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

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 120 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

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

Subsequent measurement

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

Derecognition

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

Offsetting of financial instruments

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

Cash and cash equivalents

Cash on hand, bank balances on demand and time deposit accounts with banks whose original maturities do not exceed three months, less bank overdraft amounts, are classified as cash and cash equivalents in the consolidated and separate statements of cash flows.

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

n) Inventories

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

Raw materials

Purchase cost on a first in, first out basis.

Finished goods and work in progress

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

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

o) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's, or cash-generating unit's (CGU), fair value less costs of disposal and its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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

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

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, or exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

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

Goodwill

Goodwill is tested for impairment annually and when circumstances indicate that the carrying amount may be impaired.

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

p) Royalties

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

q) Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Site restoration provision

The provision for restoration represents the cost of restoring site damage after the start of production. Increases in the provision are charged to profit or loss. Restoration costs are estimated at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices. The estimates are discounted at a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the liability.

r) Employee benefits

Pension benefits

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

Termination benefits

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

s) Employee bonus

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

t) Comparatives

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

u) Cash dividend

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

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

v) Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Where any Group controlled entity purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income tax), is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, are included in equity attributable to the Company's equity holders.

No gain or loss is recognised in profit or loss on the purchase, sale or cancellation of the Group's own equity instruments.

w) Interest income

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

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the consolidated and separate financial statements. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted IFRS 15 using the modified retrospective method of adoption. The adoption of IFRS 15 did not change the revenue recognition profile of the Group as explained below.

Some contracts for the sale of goods provide customers with a right of return and volume rebates. Before adopting IFRS 15, the Group recognised revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of volume rebates. If revenue could not be reliably measured, the Group deferred recognition of revenue until the uncertainty was resolved. Under IFRS 15, rights of return and volume rebates give rise to variable consideration.

- **Rights of return**

When a contract provides a customer with a right to return the goods within a specified period, the Group previously estimated expected returns using a probability-weighted average amount approach similar to the expected value method under IFRS 15.

Under IFRS 15, the consideration received from the customer is variable because the contract allows the customer to return the products. The Group used the expected value method to estimate the goods that will not be returned. For goods expected to be returned, the Group presented a refund liability. The change did not have a material impact on the consolidated and separate financial statements as there is no experience of returns that are material to the consolidated and separate financial statements.

- **Volume rebates**

Before the adoption of IFRS 15, the Group estimated the expected volume rebates using the probability-weighted average amount of rebates approach and included an allowance for rebates in trade and other payables with a corresponding debit volume rebates expense that was set off with the gross revenue for the purpose of the consolidated and separate financial statements. Under IFRS 15, retrospective volume rebates give rise to variable consideration. To estimate the variable consideration to which it will be entitled, the Group applied the 'most likely amount method' for contracts with a single volume threshold and the 'expected value method' for contracts with more than one volume threshold.

The change did not have a material impact on the profile of revenue recognition as the volume rebates were previously considered in the reported revenue balances. The allowance for volume rebates liability which was previously presented under trade and other payables is presented under contract liabilities following the application of IFRS 15. Refer to Note 28 for further disclosures on contract liabilities including the initial application impact.

- **Bundled sale of cement and transport services**

  Before the adoption of IFRS 15, the Group accounted for the revenue from sale of goods and transport service as separate revenue lines. Under IFRS 15, the Group assessed that the two are not capable of being distinct performance obligations and are hence accounted for as one performance obligation. Consequently, no re-allocation of the transaction price based on relative stand-alone selling prices was necessary and hence the change did not have a material impact on the consolidated and separate financial statements.

- **Advance payments from customers**

  This mainly represents deferred revenue for goods not yet delivered or services not yet rendered to customers that will be recognized when the goods are delivered or services are provided to customers. The advance payments were previously recognised as deferred income under trade and other payables. Following the application of IFRS 15, the deferred income was reclassified to contract liabilities. Refer to Note 28 for further disclosures on contract liabilities including the initial application impact.

IFRS 9 Financial instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group applied IFRS 9 prospectively, with an initial application date of 1 January 2018. The Group has not restated the comparative information, which continues to be reported under IAS 39. The application of IFRS 9 did not have a significant impact on the consolidated and separate financial statements except for the impact of application of the expected credit loss model. Trade and other receivables, cash and bank balances classified as loans and receivables as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost beginning 1 January 2018.

The Company holds an equity investment in EARHL which was previously carrying at cost. Following the adoption of IFRS 9, the investment is measured at FVOCI. This did not have a material impact on the consolidated and separate financial statements as the investment is insignificant to the financial statements.

The Group developed a provisioning matrix for the purpose of determining expected credit losses under IFRS 9. The impact of the provisioning matrix as at 1 January 2018 was as follows:

Additional disclosures on initial application of IFRS 9 are in Notes 22, 24 and 35(b).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated and separate financial statements requires management to make judgments, estimates and

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

IFRS 9 Financial instruments (Continued)

Company	As at 1 January 2018 TZS'000	Debit/ (Credit) TZS'000	At 1 January 2018 - restated TZS'000
Expected credit losses			
Trade receivables	487,132	876,794	1,363,926
Bank balances	-	66,266	66,266
	487,132	**943,060**	**1,430,192**
Carrying amounts			
Trade receivables	11,527,281	(876,794)	10,650,487
Bank balances	5,606,749	(66,266)	5,540,483
Deferred tax liability	(6,869,709)	282,918	(6,586,791)
Retained earnings	**(161,473,124)**	**660,142**	**(160,812,982)**
Group			
Expected credit losses			
Trade receivables	880,874	1,954,489	2,835,363
Bank balances	-	99,143	99,143
	880,874	**2,053,632**	**2,934,506**
Carrying amounts			
Trade receivables	12,031,587	(1,954,489)	10,077,098
Bank balances	7,464,405	(99,143)	7,365,262
Deferred tax liability	(6,869,709)	381,826	(6,487,883)
Retained earnings	**(162,000,436)**	**1,671,806**	**(160,328,630)**
	TZS/share	TZS/share	TZS/share
Loss per share	(418)	(27)	(445)

assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgments

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

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Identifying performance obligations in a bundled sale of goods and transportation services

The Group provides transportation services that are bundled together with the sale of goods to a customer. The transportation services are a promise to transfer services in the future and are part of the negotiated exchange between the Group and the customer.

The Group determined that the goods and transportation are not capable of being distinct. The fact that the Group does not sell transportation services separately on a stand-alone basis indicates that the customer cannot benefit from transportation services provided as part of the sale of goods on their own. The Group also determined that the promises to transfer the goods and to provide transportation services are not distinct within the context of the contract. The goods and transportation services are inputs to a combined item in the contract. In addition, the goods and transportation services are highly interdependent or highly interrelated, because for such contracts, the Group would not be able to transfer the goods if the customer declined transportation services and would not be able to provide transportation services in relation to goods sold by other cement manufacturers. Consequently, the Group does not allocate a portion of the transaction price to the goods and the transportation services based on relative stand-alone selling prices.

Determining the timing of satisfaction of goods delivered to customers

The Group concluded that revenue for contracts where delivery is done to the customers is to be recognised at point in time because the customer does not simultaneously receive and consume the benefits provided by the Group. The performance obligation is satisfied on delivery of the goods.

Determining the method of estimating variable consideration and assessing the constraint

Contracts for the sale of cement and clinker include a right of return and volume rebates that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of cement and clinker with rights of return, given the large number of customer contracts that have similar characteristics. The selected method that better predicts the amount of variable consideration was primarily driven by the number of volume thresholds contained in the contract. The most likely amount method is used for those contracts with a single volume threshold.

Refer to Notes 2.3(f) and 5 for further disclosures on revenue from contracts with customers.

Operating lease commitments – Group as a lessee

The Group has entered into lease agreements for office space and residential premises. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the leased assets and the present value of the minimum lease payments not amounting to substantially all of the fair value of the leased assets, that it does not take on all the significant risks and rewards of ownership of the leased assets and accounts for the arrangements as operating leases. Refer to Note 31 for details on operating leases.

Useful lives of property, plant and equipment

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

For the carrying amount of property, plant and equipment, refer to Note 16 to the consolidated and separate financial statements.

Estimates and assumptions

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

***Expected credit losses/impairment charges on trade receivables* 2017:**

The Group reviews its accounts receivable to assess impairment at least on an annual basis. In determining whether an impairment loss should be recorded in profit or loss, the Group makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows of an individual debtor in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of customers, or national or local economic conditions that correlate with defaults on assets.

2018: The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for the customers. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., inflation) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs involves estimation. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 22 and 35(b).

Provision for site restoration

The Group's quarry is an open pit quarry with bench heights at 12-15 metres. The overburden materials vary in thickness, but seldom exceed 0.5 metres. The removed overburden is later used as natural backfill material on the mined benches. Limestone is mined from the quarry in a way that leaves the "used" area as a one-level horizontal plateau (bench). The Group has re-cultivated the lands of the quarry that will no longer be mined. The Group has prepared a quarry restoration plan. For the carrying amount of the provision for site restoration, refer to Note 26.

Contingent liabilities

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

Litigation and other judicial proceedings as a rule raise difficult and complex legal issues and are subject to uncertainties and complexities including, but not limited to, the facts and circumstances of each particular case, issues regarding the jurisdiction in which each suit is brought and differences in applicable law. Upon resolution of any pending legal matter, the Group may be forced to incur charges in excess of the presently established provisions and related insurance coverage. It is possible that the financial position, results of operations or cash flows of the Group could be materially affected by the unfavourable outcome of litigation. For details on the contingent liabilities amounts, refer to Note 36.

Fair value of financial instruments

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

Refer to Notes 19(a), 20 and 38 for further disclosures on fair value measurements.

Impairment of non-financial assets

Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. The Group performs the annual impairment assessment at year-end. The Group considers the relationship between value in use and carrying amount of the asset, among other factors, when reviewing for indicators of impairment. As at 31 December 2018 and 31 December 2017, the impairment assessment indicated that there were no indicators that the carrying amounts of the non-financial assets could be impaired.

Impairment exists when the carrying amount of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable

Notes to the consolidated and separate financial statements

FOR THE YEAR ENDED 31 DECEMBER 2018

amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Refer to Notes 16, 17, 19 and 2.3(o) for the carrying amounts of the impaired non-financial assets and accounting policy on impairment of non-financial assets.

Taxes

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

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

For disclosures and details on tax and tax contingencies, refer to Notes 14 and 36.

Estimating variable consideration for volume rebates

The Group estimates variable considerations to be included in the transaction price for the sale of cement and clinker with respect to volume rebates.

The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be likely entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date.

The Group updates its assessment of volume rebates monthly and the refund liabilities are adjusted accordingly. Estimates of volume rebates are sensitive to changes in circumstances and the Group's past experience regarding rebate entitlements may not be representative of customers' actual rebate entitlements in the future. Refer to Note 28 for further disclosures on rebate liabilities.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment

The interpretation addresses: i) whether an entity considers uncertain tax treatments separately; ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; iii) how entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The interpretation is effective for annual reporting periods beginning on or after 1 January 2019. The Group is still assessing the impact of this interpretation.

IFRS 16 Leases

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

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

The new standard is effective for annual periods beginning on or after 1 January 2019. Early application is permitted. The new standard permits a lessee to choose either a full retrospective or a modified retrospective transition approach. The Group expects to adopt the standard using the modified retrospective transition approach. The new standard's transition provisions permit certain reliefs.

The new standard requires lessees and lessors to make more extensive disclosures than under IAS 17.

The application of the standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Company had the operating lease commitments disclosed in Note 31. Some of the commitments may be covered by the exceptions for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16. The Group performed a preliminary assessment of the extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's and Company's statement of financial position, results and classification of cash flows. It has been determined that the application of this standard will increase EBITDA and leverage ratios of the Group and the Company. Expenses relating to current operating leases will no longer be presented as part of operating expenses but rather the amortisation of the right of use asset will be charged to profit or loss. The Group is still evaluating the quantitative impact of this standard.

Other standards and amendments issued but not yet effective

The other new and amended standards and interpretations issued but not yet effective, and not listed above, are not expected to have a significant impact on the Group's and Company's financial statements.

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	Group		Company	
	2018 TZS'000	2017 TZS'000	2018 TZS'000	2017 TZS'000
5 REVENUE FROM CONTRACTS WITH CUSTOMERS				
Disaggregated revenue information				
Set out below is the disaggregation of the Group's revenue from contracts with customers:				
Types of goods or services				
Cement sales	192,754,780	156,391,179	195,785,869	141,131,008
Transportation services	22,168,119	15,353,536	10,165,299	9,357,531
Total revenue from contracts with customers	**214,922,899**	**171,744,715**	**205,951,168**	**150,488,539**

Information about the Group's performance obligations is as summarised below:

- The performance obligation relating to sale of cement is satisfied upon delivery of cement and payment is generally due within 30 days from delivery. For ex-gate customers, control of the goods passes to the customer when the delivery truck crosses the Company's weighbridge and for contracts where the Group delivers the sold goods, control of the goods and related services passes to the customer when the goods arrive at customer's specified destination.
- Customers are given volume rebates which are accounted for as a separate performance obligation and a portion of the transaction price is allocated to the volume rebates. The performance obligation for the volume rebates is satisfied upon customer meeting the purchase volume target.

Refer to Notes 22 and 28 for the contract balances, that is, trade receivables and contract liabilities.

	Group 2018	Group 2017	Company 2018	Company 2017
6 COST OF SALES				
Distribution costs	29,373,784	35,011,543	21,721,666	18,407,715
Variable costs	85,022,598	68,613,376	86,838,964	68,613,376
Fixed costs	44,374,634	38,693,021	44,374,634	38,693,021
	158,771,016	**142,317,940**	**152,935,264**	**125,714,112**

The following are included in cost of sales:

	Group 2018	Group 2017	Company 2018	Company 2017
Mining royalties paid on:				
Limestone	673,087	697,174	673,087	697,174
Red soil	42,989	34,049	42,989	34,049
Pozzolana	33,629	57,480	33,629	57,480
	749,705	**788,703**	**749,705**	**788,703**

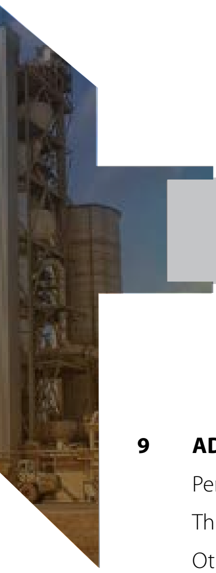
Cost of sales includes the cost incurred on raw materials, fuel, electricity, personnel, maintenance, distribution and other production expenses.

Royalties payable to the Ministry of Energy and Minerals during the year are recognised as expenses and are included in the cost of sales line item as part of direct costs of raw materials.

	Group 2018	Group 2017	Company 2018	Company 2017
7 OTHER INCOME/(EXPENSES)				
Other income				
Rental income - IAS 17/ IAS 40	213,226	-	-	-
Sundry income *	120,377	55,558	192,387	55,558
Gain on sale of property, plant and equipment	190,761	6,353	175,549	-
	524,364	**61,911**	**367,936**	**55,558**
Other expenses				
- Loss on derecognition of property and equipment	(249,292)	-	(249,292)	-
- Loss on sale of property, plant and equipment	-	(582,014)	-	(582,014)
- Loss on derecognition of investment property	(42,814)	-	-	-
	(292,106)	**(582,014)**	**(249,292)**	**(582,014)**

* Sundry income includes income from sale of scrap metal, waste oil and charges for use of the Company's property for a telecommunication tower.

	Group 2018	Group 2017	Company 2018	Company 2017
8 SELLING EXPENSES				
Other marketing and sales expenses	513,778	690,897	513,778	690,897
Personnel expenses	1,416,291	1,040,792	1,416,291	1,040,792
Purchase of services from related and third parties	2,340,845	1,409,433	2,412,855	1,409,433
Increase in impairment of doubtful debts	-	725,053	-	393,722
	4,270,914	**3,866,175**	**4,342,924**	**3,534,844**



Notes to the consolidated and separate financial statements

FOR THE YEAR ENDED 31 DECEMBER 2018

	Group		Company	
	2018 TZS'000	2017 TZS'000	2018 TZS'000	2017 TZS'000
9 ADMINISTRATION EXPENSES				
Personnel expenses	12,238,522	10,914,215	9,890,726	9,120,268
Third party services	1,932,224	2,318,553	1,932,224	2,318,553
Other administration expenses	3,263,388	3,295,111	2,988,564	2,536,297
	17,434,134	**16,527,879**	**14,811,514**	**13,975,118**
10 OPERATING PROFIT/(LOSS)				
Operating profit is arrived at after charging/(crediting):				
(Gain)/loss on sale of property, plant and equipment	(190,761)	575,661	(175,549)	582,014
Audit fees				
- Health and safety audit	54,053	20,250	54,053	20,250
- Auditors' remuneration and related expenses	205,681	249,451	138,708	189,331
Directors' remuneration				
- Directors' emoluments	2,229,746	2,379,941	2,229,746	2,379,941
Staff costs				
- Service costs	20,419,552	17,947,281	18,230,961	16,349,525
- Pension costs (Defined contribution plan)	2,075,556	2,254,900	1,916,350	2,131,530
Rentals - Operating lease payments	9,439,946	9,415,707	9,439,946	9,260,672
Depreciation				
- Charge on property, plant and equipment (Note 16	19,021,709	18,853,021	18,884,665	18,762,437
- Charge on investment property (Note 19)	85,233	-	-	-
	19,106,942	18,853,021	18,884,665	18,762,437
Impairment charge				
- On value of treasury shares/amount due from the Trust (Note 18)	397,981	646,089	397,981	646,089
Expected credit losses				
atement of profit or loss and other				
Increase/(decrease) in expected credit losses for trade receivables	149,824	-	(507,235)	-
Increase in expected credit losses - other financial assets	155,102	-	16,949	-
	304,926	-	(490,286)	-
11 INTEREST EXPENSE				
Interest expense on bank overdrafts	1,060,971	1,561,121	1,060,971	1,561,122
Loss on re-measurement of borrowings on change in terms	4,927,949	-	4,927,949	-
Interest expense on term loans	16,028,692	13,578,902	16,028,692	13,578,902
Interest expense charged to profit or loss	**22,017,612**	**15,140,023**	**22,017,612**	**15,140,024**

		Group		Company	
		2018 TZS'000	2017 TZS'000	2018 TZS'000	2017 TZS'000
12	**FINANCE INCOME**				
	Interest income on bank deposits	28,630	43,881	28,630	43,881
13	**FOREIGN EXCHANGE AND FAIR VALUE LOSS**				
	Net foreign exchange and fair value loss	4,415,305	9,162,273	4,350,346	9,088,724
14	**INCOME TAX**				
	(a) Income tax (credit)/ charge				
	Current income tax charge - current year	786,452	512,666	636,287	-
	Current income tax charge - prior years	772,026	470,323	772,026	110,672
	Deferred tax credit - current year	(2,063,484)	(10,857,095)	(2,063,484)	(10,857,095)
	Deferred tax charge - current year	22,106	-	-	-
	Deferred tax charge - prior years	206,600	969,353	206,600	969,353
		(276,300)	**(8,904,753)**	**(448,571)**	**(9,777,070)**
	(b) Net deferred tax liability - recognised				
	Company				
	At 1 January	6,869,709	16,757,451	6,869,709	16,757,451
	Credit to profit or loss	(1,856,884)	(9,887,742)	(1,856,884)	(9,887,742)
	Credit on initial impact of application of IFRS 9 - ECL	(282,918)	-	(282,918)	-
	At 31 December	**4,729,907**	**6,869,709**	**4,729,907**	**6,869,709**
	Deferred tax asset - CDEAL Rwanda				
	At 1 January	-	-	-	-
	Credit to retained earnings - Initial application of IFRS 9	(98,908)	-	-	-
	Charge for the year	22,106	-	-	-
	At 31 December	**(76,802)**	**-**	**-**	**-**
	Net recognised deferred tax liability	**4,653,105**	**6,869,709**	**4,729,907**	**6,869,709**
	The movement in the deferred tax liability is made up as follows:				
	Credit to profit or loss - Current year	(2,063,484)	(10,857,095)	(2,063,484)	(10,857,095)
	Charge to profit or loss - Prior year adjustment	206,600	969,353	206,600	969,353
	Charge to profit or loss - Current year	22,106	-	-	-
	Credit to retained earnings recognised - Initial application of IFRS 9	(381,826)	-	(282,918)	-
		(2,216,604)	**(9,887,742)**	**(2,139,802)**	**(9,887,742)**

	Group		Company	
	2018 TZS'000	2017 TZS'000	2018 TZS'000	2017 TZS'000
(b) Deferred tax liability (continued)				
Deferred tax liabilities/(assets)				
Accelerated depreciation	49,788,585	42,472,7003	49,880,092	42,564,584
Provision for expected credit losses/impairment	(343,026)	(253,326)	947	(146,140)
ECL on initial application of IFRS 9	(705,882)	-	(282,918)	-
Provision for obsolete inventories	(2,472,064)	(2,387,057)	(2,468,030)	(2,387,057)
Leave pay accrual	(264,613)	-	(264,613)	-
Loss on remeasurement of PIC Loan	(1,478,385)	-	(1,478,385)	-
Litigation accruals	(18,000)	-	(18,000)	-
Net unrealised foreign exchange losses on PIC loan	(11,065,669)	-	(11,065,669)	-
Impairment of treasury shares/amount due from Trust	-	(281,958)	-	(281,958)
Unrealised foreign exchange losses	(390,865)	(2,310,714)	(402,310)	(2,321,788)
Unrealised foreign exchange gains - other	-	-	-	-
Bonus accruals	(469,010)	(479,277)	(448,032)	(459,890)
Current income tax losses carried forward	(28,016,264)	(30,098,042)	(28,016,264)	(30,098,042)
Impairment of bank balance in CDEAL Burundi	(53,262)	-	-	-
Accrual for volume rebates	(706,911)	-	(706,911)	-
	3,804,634	**6,662,329**	**4,729,907**	**6,869,709**
Deferred tax asset not recognised				
CDEAL - Tanzania	718,407	185,781	-	-
CDEAL - Rwanda	-	21,599	-	-
CDEAL - Burundi	53,262	-	-	-
	771,669	**207,380**	**-**	**-**
Deferred tax asset recognised				
CDEAL - Rwanda	76,802	-	-	-
Net deferred tax liability recognised	**4,653,105**	**6,869,709**	**4,729,907**	**6,869,709**

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

(c) Tax rate reconciliation

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

	Group		Company	
	2018 %	2017 %	2018 %	2017 %
Standard rate applicable on tax allowable loss	(30.00)	(30.00)	(30.00)	(30.00)
The standard rate has been affected by:				
- Expenses not deductible for tax purposes	14.99	0.62	15.49	0.54
- Alternative minimum tax	5.52	-	5.71	-
- Deferred tax credit not recognised	2.44	0.02	-	-
- Net gain on derivative instruments	(3.83)	-	(3.96)	-
- Adjustments in respect of previous year current tax	6.69	1.33	6.92	0.30
- Profit on sale of non-qualifying assets	(0.00)	-	(0.03)	-
- Adjustments in respect of previous year deferred tax	1.79	2.75	1.85	2.63
Effective tax rate	**(2.40)**	**(25.27)**	**(4.02)**	**(26.53)**

(d) Income tax recoverable

	Group 2018	Group 2017	Company 2018	Company 2017
At 1 January	(2,303,416)	(2,557,299)	(2,129,325)	(2,129,325)
Payment made during the year	(796,991)	(618,434)	(640,085)	-
Withholding tax - tax deducted at source	(23,023)	-	-	-
Current income tax expense - prior year adjustment (Note 14a)*	702,544	359,651	702,544	-
Income tax expense - current year (Note 14a)	786,452	512,666	636,287	-
At 31 December	**(1,634,434)**	**(2,303,416)**	**(1,430,579)**	**(2,129,325)**

*Current income tax adjustment in respect of prior years of TZS 69 million (2017: TZS 111 million) for the Company was settled against tax deposits in other receivables.

15 LOSS PER SHARE

(a) Basic loss per share

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

	Group	
	2018 TZS'000	2017 TZS'000
Loss attributable to ordinary shareholders (TZS' 000)	(11,258,743)	(26,340,154)
Total weighted average number of ordinary shares	63,671,045	63,671,045
Treasury shares	(703,152)	(703,152)
Weighted average number of ordinary shares less treasury shares	62,967,893	62,967,893
Basic loss per share (TZS/share)	**(179)**	**(418)**

(b) Diluted loss per share

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

Loss attributable to ordinary shareholders (TZS' 000)	(11,258,743)	(26,340,154)
Weighted average number of issued ordinary shares	63,671,045	63,671,045
Treasury shares	(703,152)	(703,152)
Diluting shares - shares allocated by the Trust to employees	-	-
Weighted average diluted number of issued ordinary shares	62,967,893	62,967,893
Diluted loss per share (TZS/share)	**(179)**	**(418)**

16 PROPERTY, PLANT AND EQUIPMENT

(a) GROUP

	Land and Buildings TZS'000	Plant and Machinery TZS'000	Motor Vehicles TZS'000	Furniture Fittings & Equipment TZS'000	Capital Work in Progress (CWIP)* TZS'000	Total TZS'000
Cost						
At 1 January 2018	36,959,038	403,142,124	3,558,147	2,398,511	2,388,122	448,445,942
Additions	175,077	1,873,639	-	-	3,666,512	5,715,228
Additions to standby spares	-	311,711	-	-	-	311,711
Disposals	(6,000)	(1,961,699)	(309,605)	(2,250)	-	(2,279,554)
Translation differences	-	33,961	71,474	21,602	-	127,037
Reclassification to investment property	(2,028,714)	-	-	-	-	(2,028,714)
At 31 December 2018	**35,099,401**	**403,399,736**	**3,320,016**	**2,417,863**	**6,054,634**	**450,291,650**
Depreciation and impairment						
At 1 January 2018	9,671,664	73,320,361	2,573,872	973,300	-	86,539,197
Charge for the year	971,261	17,568,496	174,414	307,538	-	19,021,709
Disposals	(5,385)	(1,700,149)	(309,581)	(2,250)	-	(2,017,365)
Translation differences	-	35,000	70,353	21,774	-	127,127
Reclassification to investment property	(644,797)	-	-	-	-	(644,797)
At 31 December 2018	**9,992,743**	**89,223,708**	**2,509,058**	**1,300,362**	**-**	**103,025,871**
Net carrying amount						
At 31 December 2018	**25,106,658**	**314,176,028**	**810,958**	**1,117,501**	**6,054,634**	**347,265,779**
Cost						
At 1 January 2017	35,645,976	398,279,082	3,282,830	2,403,342	2,004,309	441,615,539
Additions	237,063	221,668	-	-	7,187,884	7,646,615
Additions to standby spares	-	328,817	-	-	-	328,817
Transfer from CWIP	1,075,999	5,432,213	295,859	-	(6,804,071)	-
Disposals	-	(1,119,707)	(21,034)	(4,992)	-	(1,145,733)
Translation differences	-	51	492	161	-	704
At 31 December 2017	**36,959,038**	**403,142,124**	**3,558,147**	**2,398,511**	**2,388,122**	**448,445,942**
Depreciation						
At 1 January 2017	8,772,111	56,374,596	2,439,112	663,502	-	68,249,321
Charge for the year	899,553	17,484,683	155,387	313,398	-	18,853,021
Disposal	-	(539,081)	(21,034)	(3,611)	-	(563,726)
Translation differences	-	163	407	11	-	581
At 31 December 2017	**9,671,664**	**73,320,361**	**2,573,872**	**973,300**	**-**	**86,539,197**
Net carrying amount						
At 31 December 2017	**27,287,374**	**329,821,763**	**984,275**	**1,425,211**	**2,388,122**	**361,906,745**

6 PROPERTY, PLANT AND EQUIPMENT (contd.)

(b) COMPANY

Information relating to property, plant and equipment:

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

ii) Included in plant and machinery as at 31 December 2018 is TZS 5.8 billion (2017: TZS 5.5 billion) relating to standby equipment or significant components thereof (insurance spares) moved from inventory to plant, machinery and equipment.

iii) No significant item of property, plant and equipment was temporarily idle/not in use as at 31 December 2018 (2017: None).

iv) CWIP comprises the cost of property, plant and equipment under construction, not yet ready for use, not yet delivered and/or installed and assets which cannot be used until certain other assets are acquired and installed.

	Land and Buildings	Plant and Machinery	Motor Vehicles	Furniture Fittings & Equipment	Capital Work in Progress (CWIP)	Total
Cost	**TZS'000**	**TZS'000**	**TZS'000**	**TZS'000**	**TZS'000**	**TZS'000**
At 1 January 2018	31,493,697	403,191,416	2,848,552	1,838,069	2,388,121	441,759,855
Additions	175,077	1,842,192	-	-	3,666,512	5,683,781
Additions to standby spares	-	311,711	-	-	-	311,711
Disposals	(6,000)	(1,927,355)	(235,309)	-	-	(2,168,664)
At 31 December 2018	**31,662,774**	**403,417,964**	**2,613,243**	**1,838,069**	**6,054,633**	**445,586,683**
Depreciation						
At 1 January 2018	6,106,204	73,048,272	1,756,734	858,461	-	81,769,671
Charge for the year	843,214	17,561,942	173,745	305,764	-	18,884,665
Disposals	(5,385)	(1,670,954)	(235,285)		-	(1,911,624)
At 31 December 2018	**6,944,033**	**88,939,260**	**1,695,194**	**1,164,225**	**-**	**98,742,712**
Net carrying amount						
At 31 December 2018	**24,718,741**	**314,478,704**	**918,049**	**673,844**	**6,054,633**	**346,843,971**

16 PROPERTY, PLANT AND EQUIPMENT *(continued)*

(b) COMPANY

	Land and Buildings TZS'000	Plant and Machinery TZS'000	Motor Vehicles TZS'000	Furniture Fittings & Equipment TZS'000	Capital Work in Progress (CWIP) TZS'000	Total TZS'000
Cost						
At 1 January 2017	30,417,698	398,331,814	2,552,693	1,843,061	2,004,309	435,149,575
Additions	-	218,279	-	-	7,187,883	7,406,162
Additions to standby spares	-	328,817	-	-	-	328,817
Transfer from CWIP	1,075,999	5,432,213	295,859	-	(6,804,071)	-
Disposals	-	(1,119,707)	-	(4,992)	-	(1,124,699)
At 31 December 2017	**31,493,697**	**403,191,416**	**2,848,552**	**1,838,069**	**2,388,121**	**441,759,855**
Depreciation						
At 1 January 2017	5,281,018	56,116,138	1,602,235	550,535	-	63,549,926
Charge for the year	825,186	17,471,215	154,499	311,537	-	18,762,437
Disposals	-	(539,081)	-	(3,611)	-	(542,692)
At 31 December 2017	**6,106,204**	**73,048,272**	**1,756,734**	**858,461**	**-**	**81,769,671**
Net carrying amount						
At 31 December 2017	**25,387,493**	**330,143,144**	**1,091,818**	**979,608**	**2,388,121**	**359,990,184**

Refer to Note 16 (a) (i) to (iv) for more information on the above disclosures

	Group		Company	
	2018 TZS'000	2017 TZS'000	2018 TZS'000	2017 TZS'000
17 INTANGIBLE ASSETS				
(a) Computer software				
Cost	239,025	239,025	239,025	239,025
Accumulated amortisation	(239,025)	(239,025)	(239,025)	(239,025)
At 31 December	-	-	-	-

This was the initial installation cost for the accounting software which was capitalised in 2003 and amortised over six years. Subsequently, the Group pays annual licence and royalty fees for using the software and this is expensed in the respective year when incurred.

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FOR THE YEAR ENDED 31 DECEMBER 2018

(b) Goodwill

	Group		Company	
	2018 TZS'000	2017 TZS'000	2018 TZS'000	2017 TZS'000
Cost				
At 1 January	7,444,384	7,444,384	-	-
At 31 December	**7,444,384**	**7,444,384**	**-**	**-**
Impairment				
At 1 January	(7,444,384)	(7,444,384)	-	-
At 31 December	**(7,444,384)**	**(7,444,384)**	**-**	**-**
Net carrying amount	-	-	-	-

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

The goodwill was reviewed for impairment annually based on projected cash flows for the subsidiary as a single cash generating unit. The impairment testing performed during 2015 resulted in fully impairing the carrying amount of the goodwill and therefore the carrying amount of goodwill as at 31 December 2018 and 31 December 2017 was Nil.

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

18 EMPLOYEES' SHARE TRUST

	Group		Company	
	2018 TZS'000	2017 TZS'000	2018 TZS'000	2017 TZS'000
At 1 January	**1,853,782**	**1,853,782**	**1,853,782**	**1,853,782**
Refunds received	(70,140)	(70,140)	(70,140)	(70,140)
Advances paid during the year	4,215	-	4,215	-
Impairment charge	(1,337,841)	(939,860)	(1,337,841)	(939,860)
At 31 December	**450,016**	**843,782**	**450,016**	**843,782**
Refunds				
At 1 January	**(70,140)**	**(53,440)**	**(70,140)**	**(53,440)**
Received during the year	-	(16,700)	-	(16,700)
At 31 December	**(70,140)**	**(70,140)**	**(70,140)**	**(70,140)**
Impairment				
At 1 January	**(939,860)**	**(293,771)**	**(939,860)**	**(293,771)**
Charge for the year	(397,981)	(646,089)	(397,981)	(646,089)
At 31 December	**(1,337,841)**	**(939,860)**	**(1,337,841)**	**(939,860)**

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

From the Group's perspective, the Employees' Share Trust is a consolidated structured entity. The Trust was set up in order to facilitate the delivery of shares to the Company's employees. The Trust holds shares that may be allocated to employees in the future. The 703,152 (2017: 703,152) shares held by the Trust are accounted for as treasury shares in the Group financial statements.

The Trust Deed requires the Company to finance the expenses incurred by the Employees' Share Trust until when the Trust is wound up.

19 INVESTMENTS

(a) Investment property

	Group 2018	Group 2017	Company 2018	Company 2017
<u>**Cost**</u>				
At 1 January	-	-	-	-
Transfer from property, plant and equipment (Note 16)	2,028,714	-	-	-
Additional investment	-	-	-	-
At 31 December	**2,028,714**	**-**	**-**	**-**
Depreciation and Impairment				
At 1 January	-	-	-	-
Transfer from property, plant and equipment (Note 16)	(644,797)	-	-	-
Charge for the year	(85,233)	-	-	-
De-recognition	(42,814)	-	-	-
At 31 December	**(772,844)**	**-**	**-**	**-**
Net carrying amount	**1,255,870**	**-**	**-**	**-**

The investment property comprises three commercial properties located in Arusha, Kilimanjaro and Mwanza. Management determined that the investment properties consist of one class of asset, warehouses, based on the nature, characteristics and risks. The property was previously owner occupied and hence recognised as part of property and equipment. Following the change in the Group's business model, the property was rented to third parties and hence recognised as investment property. The amount transferred from property and equipment was the net carrying amount of the assets and the property continues to be measured at cost less depreciation and impairment.

The fair value of the investment property as at year-end was estimated at TZS 4,159 million using both comparative and replacement cost methods. The Group engaged an independent professional valuer to determine the fair value of the property. The location and state of the property have an impact on the value of the property. The key inputs into the valuation were the estimated land value, cost of construction per square meter and cost of site works. The fair value was most sensitive to the estimated cost of construction per square meter.

	Group		Company	
	2018 TZS'000	2017 TZS'000	2018 TZS'000	2017 TZS'000
Change in construction cost (%)	-5%	+5%		
Construction cost per square meter (TZS'000)	428	473		
Change in value of investment property (TZS'000)	**(150,255)**	**150,255**		
Rental income derived from investment property	213,226	-	-	-
Direct operating expenses (including repairs and maintenance) on investment property that generated rental income	(4,199)	-	-	-

The Group has not restrictions on the realisability of the investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements.

The rental agreements for the investment property are on annual basis with option to renew. The agreements are coceallable with notice of three months. No contigent rent was recognised during the year.

(b) Investment in subsidiary

	Group 2018	Group 2017	Company 2018	Company 2017
Cost				
At 1 January	-	-	11,596,812	11,596,812
Additional investment	-	-	-	-
At 31 December	-	-	11,596,812	11,596,812
Impairment				
At 1 January	-	-	(9,849,836)	(9,849,836)
Impairment charge for the year	-		-	-
At 31 December	-	-	(9,849,836)	(9,849,836)
Net carrying amount	**-**	**-**	**1,746,976**	**1,746,976**

The Company made a decision to change its distribution model due to changes in the market conditions, where a number of distributors are now used instead of using CDEAL as the major distribution company. This decreased the CDEAL operations leading to reduced profit. Impairment charges were recognised in the prior years to reflect the recoverable amount of the investment. There were no indicators that the carrying amount of the investment could be impaired as at 31 December 2018 and 31 December 2017.

(c) Equity investment

The principal activity of EARHL is rail transportation in Tanzania of cement manufactured by the Company. The Group considers the investment to be strategic in nature. In 2016, the Company disposed of 15% of the previously held 20% of the issued ordinary share capital of EARHL. The remaining investment of 5% of the issued share capital of EARHL was allocated a nominal value of TZS 100,000 which is the deemed cost.

EARHL is a private entity that is not listed on any public stock exchange and there are no published price quotations for the shares. The investment was previously measured at cost. Following the application of IFRS 9, the equity investment was designated at fair value through OCI. The directors have assessed that the fair value of the investment is not materially different from the carrying amount after considering the latest and forecast financial results of the entity.

	Group 2018	Group 2017	Company 2018	Company 2017
At 1 January	100	100	100	100
Change during the year	-	-	-	-
At 31 December	**100**	**100**	**100**	**100**

(d) Other disclosures on interests in other entities

There are no significant restrictions on the ability of the Group to access or use the assets and settle liabilities of investees expect for the bank balance held by CDEAL Burundi which the Group has been unable to utilise because of foreign exchange controls. Refer to Note 24 for further disclosures on the bank balance held in CDEAL Burundi.

There are no protective rights of non-controlling interests since the Group has no non-controlling interest.

The main risk associated with the interest in the consolidated structured entity is exposure to credit risk for the amount advanced to the entity.
There were no changes in ownership of the investees in 2018 and 2017.
The Company has issued a letter of support guaranteeing financial support for CDEAL, if necessary.

20 DERIVATIVE ASSETS AND LIABILITIES

(a) Interest rate cap

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

	Group		Company	
	2018 TZS'000	2017 TZS'000	2018 TZS'000	2017 TZS'000
At 1 January	4,994,316	7,152,393	4,994,316	7,152,393
Premium paid	-	-	-	-
Fair value gain/(loss)	1,458,746	(2,924,315)	1,458,746	(2,924,315)
Foreign exchange gain	13,903	766,238	13,903	766,238
At 31 December	**6,466,965**	**4,994,316**	**6,466,965**	**4,994,316**
Net gain / (loss) on the interest rate cap	1,472,649	(2,158,077)	1,472,649	(2,158,077)

The losses on the interest rate cap that are recognised in profit or loss are included in Note 13.

The following table includes the fair value measurement of the IRC:

Fair value measurement as at 31 December 2018:

Interest rate cap valuation	Date	USD	TZS'000
Valuation	01 Jan 2018	2,239,538	4,994,316
Gain on fair value		595,320	1,458,746
Balance after fair value adjustment	31 Dec 2018	2,834,858	6,453,062
Foreign currency valuation at year end	31 Dec 2018	2,834,858	6,466,965
Exchange rate gain on valuation			**13,903**

Fair value measurement as at 31 December 2017:

Interest rate cap valuation	Date	USD	TZS'000
Valuation	01 Jan 2017	3,551,165	7,152,393
Loss on fair value		(1,311,627)	(2,924,315)
Balance after fair value adjustment	31 Dec 2017	2,239,538	4,228,078
Foreign currency valuation at year end	31 Dec 2017	2,239,538	4,994,316
Exchange rate gain on valuation			**766,238**

Refer to Note 38 for further disclosures on fair value.

	Group		Company	
(b) Forward currency contracts Derivative liability	2018 TZS'000	2017 TZS'000	2018 TZS'000	2017 TZS'000
National Bank of Commerce	248,622	-	248,622	-
Standard Chartered Bank	132,144	-	132,144	-
	380,766	**-**	**380,766**	**-**

These relate to forward currency exchange contracts that are used to manage foreign exchange rate risk with respect to payments under the PIC term loans. The forward currency derivatives are measured using the spot exchange rates which are publicly available.

Nominal amount of forward exchange currency contracts at face value translated using spot rate on 31st December 2018:

National Bank of Corrmmerce	14,438,397	-	14,438,397	-
Standard Chartered Bank	11,291,509	-	11,291,509	-
	25,729,906	**-**	**25,729,906**	**-**

	Group		Company	
	2018 TZS'000	2017 TZS'000	2018 TZS'000	2017 TZS'000
21 INVENTORY				
Raw materials (at cost)	15,123,258	14,595,588	15,123,258	14,595,588
Semi finished and finished products (at cost)	9,668,554	8,114,932	8,992,628	7,590,028
Fuels (at cost)	5,209,384	2,040,782	5,209,384	2,040,782
Parts and consumables (at cost)	23,045,579	21,248,735	23,045,579	21,248,736
Total cost	**53,046,775**	**46,000,037**	**52,370,849**	**45,475,134**
Provision for obsolete inventories	(8,240,214)	(7,956,858)	(8,226,767)	(7,956,858)
Total inventory at the lower of cost and net realisable value	**44,806,561**	**38,043,179**	**44,144,082**	**37,518,276**
Movement in the provision for obsolete inventory				
At 1 January	7,956,858	5,957,721	7,956,858	5,957,721
Increase for the year	283,356	1,999,137	269,909	1,999,137
At 31 December	**8,240,214**	**7,956,858**	**8,226,767**	**7,956,858**

The obsolete inventory provision is computed on spare parts not used for a period above one year percentage wise. The change in the provision during the year is recognised under cost of sales. The table below indicates how the provision was arrived at:

Calculation for the provision for obsolete inventory as at 31 December 2018

GROUP	Amount in TZS '000	% Provision	Provision TZS '000
Inventory with no movement for the past 1 year	3,595,985	30%	1,078,795
Inventory with no movement for the past 2 years	3,886,470	50%	1,943,235
Inventory with no movement for the past 3+ years	6,505,920	80%	5,204,737
Obsolete/damaged finished goods	13,447	100%	13,447
	14,001,822		**8,240,214**

COMPANY	Amount in TZS '000	% Provision	Provision TZS '000
Inventory with no movement for the past 1 year	3,595,985	30%	1,078,795
Inventory with no movement for the past 2 years	3,886,470	50%	1,943,235
Inventory with no movement for the past 3+ years	6,505,920	80%	5,204,737
	13,988,375		**8,226,767**

The provisioning rates are based on management's estimates of the rate at which spare parts are written off from experience.

Calculation for the provision for obsolete inventory as at 31 December 2017

GROUP AND COMPANY	Amount in TZS '000	% Provision	Provision TZS '000
Inventory with no movement for the past 1 year	3,336,009	30%	1,000,803
Inventory with no movement for the past 2 years	1,534,743	50%	767,372
Inventory with no movement for the past 3+ years	7,735,853	80%	6,188,683
	12,606,605		**7,956,858**

During 2018, no expense was recognised for inventory carried at net realisable value (2017: Nil).
The unrealised profit for the year relating to inventory held by the subsidiary was TZS 171 million (2017: TZS 86 million).
The cost of inventories recognised as an expense and included in the consolidated cost of sales amounted to TZS 86 million (2017: TZS 135 million).

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

	Group		Company	
	2018 TZS'000	2017 TZS'000	2018 TZS'000	2017 TZS'000
22 TRADE AND OTHER RECEIVABLES				
Trade receivables	8,363,009	12,912,461	8,400,560	12,014,413
Allowance for expected credit losses ("ECLs")/impairment	(2,880,757)	(880,874)	(756,797)	(487,132)
	5,482,252	**12,031,587**	**7,643,763**	**11,527,281**
Prepaid expenses	4,205,032	2,622,345	4,082,843	2,514,438
Other receivables	1,435,926	1,653,826	1,262,808	1,653,824
	5,640,958	4,276,171	5,345,651	4,168,262
Allowance for ECLs/impairment	(99,894)	-	(99,894)	-
	5,541,064	4,276,171	5,245,757	4,168,262
Net trade and other receivables	**11,023,316**	**16,307,758**	**12,889,520**	**15,695,543**
Movement in the gross trade receivables amount:				
At 1 January	**12,912,461**	**7,800,533**	**12,014,413**	**7,474,607**
Invoices raised during the year	214,922,899	171,744,715	205,951,168	150,488,539
Payments received during the year	(219,472,351)	(166,632,787)	(209,565,021)	(145,948,733)
At 31 December	**8,363,009**	**12,912,461**	**8,400,560**	**12,014,413**
Movement in ECLs/impairment:				
At 1 January	**880,874**	**155,821**	**487,132**	**93,410**
Impact of initial application of IFRS 9	1,954,489	-	876,794	-
At 1 January - Restated	**2,835,363**	**155,821**	**1,363,926**	**93,410**
Recoveries	(4,536)	-	-	-
Impairment during the year	-	725,053	-	393,722
Increase/(decrease) in ECLs	149,824	-	(507,235)	-
At 31 December	**2,980,651**	**880,874**	**856,691**	**487,132**
The allowance for ECLs/impairment is made up as follows:				
On trade receivables	2,880,757	880,874	756,797	487,132
On other receivables	99,894	-	99,894	-
	2,980,651	**880,874**	**856,691**	**487,132**

The ECLs are based on the Company's provisioning matrix. The matrix considers the historical default rate by analysing monthly aging analysis for three years from 2016 to 2017, and taking into consideration strongly correlated forward looking macro-economic factors like GDP growth rate and inflation rate. Default is defined as trade debtors past due by more than 120 days.

Trade receivables are non-interest bearing and are generally on terms of 30 days. The improvement in credit control management resulted in decrease in trade receivables as indicated above. The increase in the allowance for ECLs/impairment was due to application of the ECL model under IFRS 9.

	Group 2018	Group 2017	Company 2018	Company 2017
Days sales outstanding were	14	27	15	29
The ageing analysis of trade receivables was as follows:				
Up to 30 days	4,599,050	8,343,278	6,930,671	9,653,784
31 - 60 days	1,219,966	1,548,294	612,655	558,157
61 - 90 days	367,758	1,281,566	251,041	1,024,711
91-120 days	102,517	182,065	102,517	182,065
Over 120 days	2,073,718	1,557,258	503,676	595,696
At 31 December	**8,363,009**	**12,912,461**	**8,400,560**	**12,014,413**

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

The carrying amounts of the above receivables approximate to their fair values because they are short term in nature and there is no additional credit risk that has not already been considered in the ECL/impairment allowance.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. As at year-end, the Company and the Group did not hold any collateral as security for the trade and other receivables.

		Group		Company	
		2018 TZS'000	2017 TZS'000	2018 TZS'000	2017 TZS'000
23	**VAT RECOVERABLE**				
	At 1 January	**6,512,432**	**9,494,637**	**6,477,059**	**9,469,854**
	Net input VAT for the year	-	10,590	-	-
	Amounts utilised during the year	(6,380,242)	(2,992,795)	(6,344,869)	(2,992,795)
	At 31 December	**132,190**	**6,512,432**	**132,190**	**6,477,059**

The Value Added Tax (VAT) recoverable will be utilised to offset future output VAT. Where not recovered through this mechanism, the amount is claimable for refund from the revenue authority.

24	**CASH AND BANK BALANCES**				
	Cash on hand	38,100	49,405	38,100	42,405
	Bank balances	17,215,672	7,415,000	16,361,168	5,564,344
	Gross cash and bank balances	**17,253,772**	**7,464,405**	**16,399,268**	**5,606,749**
	Expected credit losses:				
	At 1 January	**-**	**-**	**-**	**-**
	Initial impact of IFRS 9	(99,143)	-	(66,266)	-
	At 1 January - restated	**(99,143)**	**-**	**(66,266)**	**-**
	Decrease/(increase) for the year	4,871	-	(16,949)	-
	ECL on bank balance held in Burundi	(159,973)	-	-	-
	At 31 December	**(254,245)**	**-**	**(83,215)**	**-**
	Net carrying amount	**16,999,527**	**7,464,405**	**16,316,053**	**5,606,749**

The expected credit loss is calculated as the product of the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). The EAD is the amortized cost value of the respective deposit. Recent ratings for the counter parties and historical S&P recovery rates were used to determine the LGD and loss rates. The bank balances are low credit risk assets as there is no history of default and the banks are regulated by Bank of Tanzania which monitors the financial performance and standing of the banks.

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

No amount of cash and cash equivalents was held but not available for use as at 31 December 2018 and 31 December 2017 except for the bank balance in CDEAL Burundi which has been fully provided for as at 31 December 2018.

The cash and cash equivalents position for the purpose of the consolidated and separate statements of cash flows was as follows:

Cash and cash equivalents as above	16,999,527	7,464,405	16,316,053	5,606,749
Bank balances not available for use by the Group*	-	(160,929)	-	-
Bank overdraft (Note 27b)	(16,671,526)	(12,453,135)	(16,671,526)	(12,453,135)
Net cash and cash equivalents	**328,001**	**(5,149,659)**	**(355,473)**	**(6,846,386)**

*This amount relates to the bank balance denominated in Burundi Francs held by Cement Distributors (EA) Limited - Burundi. Foreign exchange controls in Burundi limit the Group's ability to repatriate the amount for use by the Group outside Burundi. The directors are considering implementing a discount scheme that will involve utilisation of the Burundi Francs in Burundi.

24 CASH AND BANK BALANCES *(continued)*

	Group		Company	
	2018 TZS' 000	2017 TZS' 000	2018 TZS' 000	2017 TZS' 000
Undrawn borrowing facilities - overdraft facilities				
Standard Chartered Bank	1,272,936	3,898,630	1,272,936	3,848,630
National Bank of Commerce (NBC)	1,194,999	2,618,285	1,194,999	2,618,235
Stanbic Bank (Tanzania) Limited*	11,405,000	-	11,405,000	-

*USD 5 million overdraft facility approved by the bank during the year. The senior lender approved use of this facility after the reporting date.

25 ISSUED CAPITAL

(a) Authorised				
63,671,045 Ordinary shares of TZS 20 each	1,273,421	1,273,421	1,273,421	1,273,421
(b) Issued and fully paid				
63,671,045 Ordinary shares of TZS 20 each	1,273,421	1,273,421	1,273,421	1,273,421

There were no movements in the share capital of the Company during the year. The Company has only one class of ordinary shares which carries no right to fixed income. The ownership structure is as set out as below:

	%	%	%	%
AfriSam (Mauritius) Investment Holdings Limited	68.33	68.33	68.33	68.33
The Registered Trustees of the TCCL Employees' Share Trust	1.10	1.10	1.10	1.10
General public	30.57	30.57	30.57	30.57
	100.00	**100.00**	**100.00**	**100.00**

26 PROVISION FOR SITE RESTORATION

At 1 January	25,077	21,364	25,077	21,364
Additional provision during the year	980	3,713	980	3,713
Decrease due to change in estimates	-	-	-	-
At 31 December	**26,057**	**25,077**	**26,057**	**25,077**

The provision for site restoration is calculated at every reporting date based on the cost estimates prepared by the environmental specialist. The provision is assessed annually by management and new cost estimates are prepared by the environmental specialist every two years. The increase in the provision is recognised in profit or loss under cost of sales while decreases are recognised under other income.

The key assumptions used in determining the provision are:

- The useful life of the site is estimated to be 50 years and the provision is made based on the discounted expected cost of closure at the end of this period.

- The discount rate used was 19.14% (2017: 16.57%).

- The site is of medium risk and medium sensitivity.

- Tanzania inflation rate used was 5.5% (2017: 5.4%).

- The estimated actual site restoration cost assuming closure happened as at year-end was TZS 4.1 billion (2017: TZS 3.86 billion).

27 INTEREST - BEARING BORROWINGS

The details of the external borrowing facilities as at year-end were as set out below:

(a) South African Government Employees Pension Fund (SAGEPF)

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

	Group		Company	
	2018 TZS'000	2017 TZS'000	2018 TZS'000	2017 TZS'000
At 1 January	224,909,748	202,370,567	224,909,748	202,370,567
Proceeds received	-	22,216,383	-	22,216,383
Interest accrued	16,028,692	13,578,902	16,028,692	13,578,902
Impact of re-measurement on changes in terms	4,927,949	-	4,927,949	-
Loan repayment	(5,275,673)	(11,883,494)	(5,275,673)	(11,883,494)
Interest paid	(21,229,544)	(6,163,481)	(21,229,544)	(6,163,481)
Foreign exchange difference	4,489,901	4,790,871	4,489,901	4,790,871
PIC loan principle and interest amounts payable by 31 Dec 2017	-	-	-	-
At 31 December	223,851,073	224,909,748	223,851,073	224,909,748
Less: Current portion	(35,153,065)	(33,384,911)	(35,153,065)	(33,384,911)
Non current portion	**188,698,008**	**191,524,837**	**188,698,008**	**191,524,837**

27 INTEREST - BEARING BORROWINGS *(continued)*

(a) South African Government Employees Pension Fund (SAGEPF) *(continued)*

		Group and Company			
		Interest rate	Maturity	2018	2017
Loan type and total facility				TZS'000	TZS'000
Term loan A :USD 60 million PIC					
Term loan B :USD 52 million PIC					
2018: USD 57,000,000 (2017: USD 57,000,000)	Loan A	6 months US Libor +3.9%	By September 2026	96,921,498	96,921,498
2018: USD 37,209,708 (2017: USD 39,534,253)	Loan B	6 months US Libor +4.5%	By September 2025	73,778,709	79,054,382
Re-measurement loss on change in terms				4,927,949	-
			Fx revaluation at year end	44,210,962	39,301,631
Total principal amount				**219,839,118**	**215,277,511**
Interest accrued				4,011,955	9,632,238
Total amount outstanding				**223,851,073**	**224,909,749**
The current portion is made up as follows:					
Principal amount				31,141,110	23,752,673
Interest accrued				4,011,955	9,632,238
				35,153,065	**33,384,911**

Availed facilities per agreement	USD	Repayment/ Settlements terms	Interest rate
Term Loan (Facility A)	60,000,000	By September 2026	6m US Libor +3.9%
Term Loan (Facility B)	52,000,000	By September 2025	6m US Libor +4.5%
Term Loan (Facility C)	30,000,000	By September 2025	6m US Libor +4.5%
	142,000,000		

The remaining available balance on Facility B and the entire Facility C was cancelled by mutual agreement between the lender (PIC) and the borrower (TCPLC) after final drawdown of USD 10 million was made on Facility B during 2017.

The purpose of the term loan was to fund the construction of a new production line with a kiln for the production of 750,000 tons of clinker per annum. The specific terms and conditions are as follows:

(i) All three facilities had a three year grace period for repayments, during which only interest will be paid.
(ii) All three facilities are repayable in equal six-monthly instalments after the initial grace period.
(iii) The borrower may, with the agreement of the lender and on 30 days notice, make early repayments with a minimum value of USD 2,500,000.
(iv) Amounts repaid early are not available for re-borrowing.
(v) Penalty interest charge of 2% shall be accrued on the unpaid sum from the default date up to the date upon which the waiver for the Debt to EBITDA ratio covenant lapses. This was waived in December 2018 as indicated below.

On 12 December 2018, the terms of the loans were amended as follows:
- Deferment of the principal amounts due in 2018 to 2019 and 2020 amounting to USD 6 million and USD 2.3 million for Facility A and Facility B respectively. Consequently, the repayment schedule was restructured.
- Waiver of the 2% penalty for breach of the Debt to EBITDA covenant ratio.
- Increase of the Debt to EBITDA target ratio. For example, the target for 2019 was increased from <3x to <7x.

The impact of the above changes was considered resulting into a re-measurement loss which has been recognised as indicated above.

Security pledged

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

(b) Bank overdraft facilities

	Group		Company	
	2018 TZS'000	2017 TZS'000	2018 TZS'000	2017 TZS'000
Standard Chartered Bank Tanzania Limited	7,866,525	5,071,370	7,866,525	5,071,370
National Bank of Commerce Limited (NBC)	8,805,001	7,381,765	8,805,001	7,381,765
Stanbic Bank Tanzania Limited	-	-	-	-
	16,671,526	**12,453,135**	**16,671,526**	**12,453,135**

Standard Chartered Bank Tanzania Limited			
Details	**Amount (USD)**	**Repayment/ Settlements terms**	**Interest rate**
Overdraft facility	4,000,000	On demand	USD: 6 months LIBOR + 2.75% per annum TZS: 182 days treasury bill rate + 2.75% per annum

Security held by the bank

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

Interest rate

The overdraft bears a rate of interest of 6 months LIBOR rate plus 2.75% per annum (2017: 6 months LIBOR rate plus 2.75% per annum) for amounts drawn down in USD and interest rate at the 182 days treasury bill rate plus 2.75% per annum (2017: 182 days treasury bill rate plus 2.75% per annum), charged every month on the daily outstanding amount. It is agreed that, the bank is entitled to vary the rate of interest provided that due notice shall be given to the Company. All funding agreements share in the same intercredit agreement with SAGEPF.

National Bank of Commerce Limited (NBC)			
Details	**Amount (TZS'000)**	**Repayment/ Settlements terms**	**Interest rate**
Overdraft facility	10,000,000	On demand	6 months treasury bill rate + 2.5% per annum

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

Interest rate
The overdraft bears a rate of interest of the 6 months treasury bill rate plus 2.5% per annum (2017: 6 months treasury bill rate plus 2.5% per annum), charged every month on the daily outstanding amount. It is agreed that, the bank is entitled to vary the rate of interest provided that due notice shall be given to the Company.

Stanbic Bank (Tanzania) Limited	Expiry date	Amount (USD)	Repayment/ Settlements terms	Interest rate
Overdraft facility	Annual review in December	5,000,000	On demand	3-month LIBOR + 4.5% per annum on amounts drawn down in USD 182 days Treasury bill rate + 2.5% per annum on amounts drawn down in TZS

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

Interest rate
The overdraft bears interest at the rate of the 3-month USD LIBOR plus 4.5% per annum for amounts drawn down in USD, and 182 days Tanzania Treasury bill rate plus 2.5% per annum for amounts drawn down in TZS charged every month on the daily outstanding amount.
It was agreed that the bank is entitled to vary the rate of interest provided that due notice is given to the Company.

	Group		Company	
	2018 TZS'000	2017 TZS'000	2018 TZS'000	2017 TZS'000
28 TRADE AND OTHER PAYABLES, AND CONTRACT LIABILITIES				
(a) Trade and other payables				
Trade accounts payable	12,355,694	4,235,948	12,518,521	4,690,415
Advances from customers*	-	3,088,766	-	1,734,884
Freight and duty clearing	2,695,565	2,463,065	2,695,565	2,463,065
Dividend payable	912,986	1,110,849	912,986	1,110,849
Accrued expenses	11,126,777	7,149,622	11,126,777	7,132,105
Other payables	2,745,296	12,787,170	2,125,612	10,866,778
Total	**29,836,318**	**30,835,420**	**29,379,461**	**27,998,096**

28 TRADE AND OTHER PAYABLES, AND CONTRACT LIABILITIES *(Continued)*

*The 2018 balance has been presented under contract liabilities following the application of IFRS 15.

The other payables balance as at year-end comprises accruals for received but not yet invoiced goods of TZS 2.75 billion and TZS 2.13 billion (2017: TZS 7.11 billion and TZS 5.54 billion) for the Group and Company respectively. The 2017 balance also includes accruals for rebates of TZS 5.68 billion and TZS 5.33 billion for the Group and Company respectively. The 2018 accrual for rebates amounting to TZS 2.38 billion and TZS 2.36 billion for the Group and Company respectively have been presented under contract liabilities following the application of IFRS 15.

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled between 15 to 45 days after date of invoice.
- Advances from customers are non-interest bearing and have an average term of 30 days.
- Other payables are non-interest bearing and have an average term of three to six months.
- For terms and conditions relating to related parties, refer to Note 32.

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

(b) Contract liabilities

Contract liabilities comprise advance payments received from customers for services and goods not delivered by year-end and volume rebates payable to customers upon meeting the set purchase targets. The amounts were presented under trade and other payables in the prior years and have been reclassified to a separate line following the application of IFRS 15.

The contract liabilities are made up as follows:

	Group		Company	
	2018 TZS'000	2017 TZS'000	2018 TZS'000	2017 TZS'000
Volume rebates	2,376,114	-	2,356,369	-
Advance payments from customers	1,857,654	-	1,600,633	-
	4,233,768	**-**	**3,957,002**	**-**
Movement in contract liabilities:				
Volume rebates				
At 1 January	-	-	-	-
Reclassification from trade and other payables	5,677,599	-	5,340,000	-
At 1 January - Restated	**5,677,599**	**-**	**5,340,000**	**-**
Rebates awarded during the year	2,740,962	-	2,482,411	-
Rebates accruals not utilised/reversals	(440,083)		(349,734)	-
Rebates paid during the year	(5,602,364)	-	(5,116,308)	-
At 31 December	**2,376,114**	**-**	**2,356,369**	**-**
Advances payments from customers				
At 1 January	-	-	-	-
Reclassification from trade and other payables	3,088,766	-	1,734,884	-
At 1 January - Restated	**3,088,766**	**-**	**1,734,884**	**-**
Advances received during the year	78,202,576	-	72,831,790	-
Advances amortised to revenue	(79,433,688)	-	(72,966,041)	-
At 31 December	**1,857,654**	**-**	**1,600,633**	**-**

The carrying amount of the advance payments from customers represents the aggregate amount of the transaction price for the performance obligations not satisfied at year-end. These performance obligations are expected to be satisfied during the following year

29 CASH GENERATED FROM OPERATING ACTIVITIES

Reconciliation of operating profit/(loss) to cash flows from operating activities:

	GROUP		COMPANY	
	2018 TZS'000	2017 TZS'000	2018 TZS'000	2017 TZS'000
Operating profit/(loss)	**14,869,244**	**(10,986,492)**	**15,187,750**	**(12,670,517)**
Adjusted for non cash items:				
Depreciation (Note 10)	19,106,942	18,853,021	18,884,665	18,762,437
Impairment charge	397,981	646,089	397,981	646,089
Increase in ECL on bank balances	155,102	-	16,949	-
(Profit)/loss on sale of property, plant & equipment	(190,761)	575,661	(175,549)	582,014
Loss on de-recognition of property and equipment	292,106	-	249,292	-
Increase in site restoration provision	980	3,713	980	3,713
Increase/ (decrease) in ECL on trade receivables	145,288	725,053	(507,235)	393,722
Increase in provision for obsolete inventories	283,356	1,999,137	269,909	1,999,137
Net change in the value of the interest rate cap	(1,472,649)	2,158,077	(1,472,649)	2,158,077
Operating profit before working capital changes	**33,587,589**	**13,974,259**	**32,852,093**	**11,874,672**
(Increase)/decrease in amount due from the Trust	(4,215)	16,700	(4,215)	16,700
Increase in inventories - less provisions	(7,046,738)	(7,369,175)	(6,895,715)	(7,499,079)
Decrease/(increase) in trade and other receivables - gross	3,284,559	(2,116,490)	2,536,358	(1,555,599)
Decrease in VAT recoverable	6,380,242	2,982,205	6,344,869	2,992,795
(Decrease)/increase in trade and other payables	(999,102)	(3,671,866)	1,381,365	(3,793,623)
Increase in contract liabilities	4,233,768	-	3,957,002	-
Increase in derivative liabilities	380,766	-	380,766	-
Increase in restricted bank balances	-	(160,929)	-	-
Cash generated from operating activities	**39,816,869**	**3,654,704**	**40,552,523**	**2,035,866**

30 DIVIDEND PROPOSED AND APPROVED

Dividend approved during the year				
Dividends on ordinary shares:				
Final dividend 2017: TZS nil per share (2016: TZS 25 per share)	-	1,591,776	-	1,591,776
Interim dividend 2018: TZS nil per share (2017: TZS nil per share)	-	-	-	-
Total	**-**	**1,591,776**	**-**	**1,591,776**
Unclaimed dividend rescinded	-	-	-	-
Total	**-**	**1,591,776**	**-**	**1,591,776**

Where required by law, dividends paid are subject to withholding tax which is payable to Tanzania Revenue Authority.
Subsequent to year-end, the Board did not propose any final dividend (2017: TZS Nil).
Any dividends not claimed after seven years are rescinded. As at year-end, the 2010 unclaimed final dividends amounting to TZS 41.3 million were rescinded.

31 OPERATING LEASES

The Company and Group entered into operating lease agreements for a number of properties and quarry fleet equipment, under which the minimum lease payments are as follows:

Lease commitments:

	Group		Company	
	2018 TZS'000	**2017 TZS'000**	**2018 TZS'000**	**2017 TZS'000**
- Within one year	4,374,703	5,963,929	4,219,668	5,808,894
- Within two to five years	8,752,334	8,556,644	8,752,334	8,556,644
	13,127,037	**14,520,573**	**12,972,002**	**14,365,538**

The Group and Company have no significant leasing arrangements with restrictions or purchase options (2017: None). The leases have no escalation clauses.
The expenses charged to profit or loss by the Group and the Company in respect of these leases are included in the rental expenses disclosed in Note 10.

32 RELATED PARTY DISCLOSURES

Refer to Note 37 for the disclosures on the ultimate holding company.

(a) Sales to related parties

The Company sells products to related companies. The transactions with the related companies were as follows:

Related party	**Relationship**				
CDEAL - Cement sales	Subsidiary	-	-	57,458,826	74,269,529
CDEAL - Management services fees	Subsidiary	-	-	72,010	-

(b) Purchases from related parties

The Group purchases services and sources financing from related party companies as follows:

Related party	**Relationship**				
CDEAL - Transportation services	Subsidiary	-	-	7,504,404	5,996,005
CDEAL - Marketing fees	Subsidiary	-	-	1,732,336	-
AfriSam South Africa (Pty) Ltd - Reimbursable expenses	Ultimate controlling Shareholder	1,412,047	2,286,774	1,412,047	2,286,774
PIC (SAGEPF) - interest expense	Shareholder of the parent	16,028,692	13,578,902	16,028,692	13,578,902

The Group utilises services of EARHL for the transportation of cement to upcountry markets at agreed rates. EARHL is a company in which the Company owned 20% of the issued share capital until 2016 when the Company reduced its holding to 5%. EARHL commenced operations in December 2004. Its business is to provide rail services to the Company for the transportation of cement in Tanzania according to a commercial contract signed between the two parties.

AfriSam (Mauritius) Investment Holdings Limited is the immediate holding company which owns the majority of the shares in the Company. AfriSam South Africa Properties (Pty) Limited controls AfriSam (Mauritius) Investment Holdings Limited. AfriSam South Africa (Pty) Limited is a fellow subsidiary of AfriSam Group (Pty) Limited. There were no transactions between AfriSam (Mauritius) Investment Holdings Limited and the Company during the year (2017: Nil).

(c) Key management personnel

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

RELATED PARTY DISCLOSURES *(Continued)*

	Group		Company	
	2018 TZS'000	2017 TZS'000	2018 TZS'000	2017 TZS'000
Compensation for key management personnel				
Short-term employee benefits (salary)	4,386,012	4,906,808	3,921,313	4,906,808
Post-employee benefits (Defined contribution plans)	354,833	417,170	383,077	417,170
	4,740,845	**5,323,978**	**4,304,390**	**5,323,978**

The amounts disclosed above are the amounts recognised as expenses during the reporting period related to key management personnel. As at 31 December 2018, there was no outstanding amount with key management personnel (2017: Nil).

Directors' emoluments				
Non-executive Chairman	30,323	36,998	30,323	36,998
Non-executive Directors	115,694	163,192	115,694	163,192
Executive Directors (included in key management personnel above)	2,083,729	2,179,751	2,083,729	2,179,751
	2,229,746	**2,379,941**	**2,229,746**	**2,379,941**

As at 31 December 2018, there were no outstanding balance with the directors (2017: Nil).

(d) Amounts due to/from related parties
Balances outstanding at the end of the year to and from related companies are as follows:

Due from related parties				
Due from the Trust	-	-	450,016	843,782
Cement Distributors (EA) Limited	-	-	4,316,503	7,954,622
Due to related companies				
Cement Distributors (EA) Limited	-	-	159,186	424,485
East African Rail Hauliers Limited	-	-	-	-
Government Employees Pension Fund - PIC loan	223,851,073	224,909,748	223,851,073	224,909,748
AfriSam South Africa (Pty) Limited	261,358	588,337	261,358	588,337

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

Except for the PIC loan, the outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The terms and conditions for the PIC loan are disclosed in Note 27.

The Company recorded a decrease in expected credit losses on amounts due from related parties as follows:

Cement Distributors (E.A) Limited	-	-	(295,064)	-

The ECL assessment is undertaken at the end of each financial year through examining the financial position of the related party and the market in which the related party operates.

	Group		Company	
	2018 TZS'000	2017 TZS'000	2018 TZS'000	2017 TZS'000
33 COMMITMENTS				
Capital commitments				
As at the reporting date, the Group had the following capital commitments:				
Approved and contracted for :				
Other capital projects	137,355	323,932	137,355	323,932

Other commitments

The Board agreed to dissolve the employee share trust scheme and replace it with the Long Term Incentive Scheme.

Long Term Incentive Scheme

This is a new scheme which replaced the Share Trust Scheme starting in October 2017. The Board is responsible for the operation and administration of the scheme. The scheme will last for seven years. The employees can start to exercise one third of the allocation after three years subject to the appreciation of the units. Only permanent employees are eligible to participate in the scheme. The units are allocated according to the salary grade of the employee. No upfront payments, loan advances or dividend payments for repayment of the units are provided for in the scheme.

The liability is calculated based on appreciation of the unit value, as the excess above TZS 1,360 per unit of the Company's share price as published by the Dar es Salaam Stock Exchange (DSE).

The calculation formula for the liability is as shown below:
A = EV-AV, where as:
A = Appreciation, EV = Exercise value, AV = Allocation value
The total units allocated to employees was 703,000 at an allocation value of TZS 1,360 each.
As at 31 December 2018, A = ((640-1,360) x 703,000) - (1,360x703,000) = (506,160,000)
As at 31 December 2017, A = ((1,200-1,360) x 703,000) - (1,360x703,000) = (112,480,000)
As such, no liability was recognised in 2018 and 2017 as the appreciation value was below the allocation value.

34 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2018 and 31 December 2017.

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

		Group		Company	
		2018 TZS'000	2017 TZS'000	2018 TZS'000	2017 TZS'000
	Note				
Bank overdrafts	27(b)	16,671,526	12,453,135	16,671,526	12,453,135
Interest-bearing loans and borrowings	27(a)	223,851,073	224,909,749	223,851,073	224,909,749
Trade and other payables	28(a)	29,836,318	30,835,420	29,379,461	27,998,096
Less: Cash and bank balances	24	(16,999,527)	(7,464,405)	(16,316,053)	(5,606,749)
Net debt		**253,359,390**	**260,733,899**	**253,586,007**	**259,754,231**
Total capital		**149,932,129**	**162,439,262**	**151,424,660**	**162,746,545**
Capital and net debt		**403,291,519**	**423,173,161**	**405,010,667**	**422,500,776**
Gearing ratio		**63%**	**62%**	**63%**	**61%**

The Group's and Company's policy is to maintain a gearing ratio of below 80%.
The Company obtained a letter of waiver for the Debt to EBITDA covenant ratio dated 26 October 2017 from the lender for the period up to 31 December 2018.

On 12 December 2018, the Company reached an agreement with the lender to restructure certain capital repayments as well as the Debt to EBITDA covenant ratio until 2022. Accordingly, the Company was compliant with the terms of the loan agreement as at 31 December 2018.

35 FINANCIAL RISK MANAGEMENT

The Group's financial assets are categorised as debt instruments at amortised cost (2017: loans and receivables) except for the interest rate cap which is designated as at fair value through profit or loss on initial recognition. All the Group's financial liabilities are classified as financial liabilities measured at amortised cost except for the forward currency contracts derivatives which are designated as at fair value through profit or loss on initial recognition. The carrying amounts of these financial instruments are presented in the interest rate exposure tables in Note 35(a).

Financial risk management policies

The Company's and Group's principal financial liabilities are comprised of interest bearing loans, bank overdrafts and trade and other payables. The Company and Group do not enter into derivative transactions for trading purposes. The main purpose of these financial liabilities is to raise finance for the Company's and Group's operations. The Company's and Group's financial assets comprise trade and other receivables and cash and bank balances, which arise directly from operations, and a derivative financial asset (interest rate cap) and derivative financial liability (forward currency contracts) which are hedging instruments against interest rate fluctuations on the SAGEPF (PIC) loan and foreign currency fluctuations impacting the repayments for the same loan respectively.

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

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

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks relevant to the Group and Company comprise two types of risks: interest rate risk and currency risk. The sensitivity analysis in the following sections relate to the positions as at 31 December in 2018 and 2017. The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and the proportion of financial instruments in foreign currencies are all constant at year-end. The analysis excludes the impact of movements in market variables on provisions and non-financial assets and liabilities.

The following assumption has been made in calculating the sensitivity analysis:
The sensitivity of the relevant profit or loss item is the effect of the assumed changes in the respective market risks.

Interest rate risk

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

To manage the interest rate risk on the long term loan, the Company entered into an interest rate cap arrangement with Standard Chartered Bank which caps the floating USD 6 months LIBOR at 2%. The interest rate cap agreement with the bank is for a period of 12 years and covers the first USD 45 million of the total principal amount owing of USD 96.5 million resulting in an unhedged debt amount of USD 51.5 million (53.4% of the principal term loan debt). The premium paid upfront for the interest rate cap was USD 6.7 million.

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

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Interest rate risk sensitivity	Effect on (loss)/profit before tax 1% increase TZS'000	1% Decrease TZS'000	Effect on equity 1% increase TZS'000	1% Decrease TZS'000
2018 Group and Company				
Interest bearing term loan	(2,238,511)	2,238,511	(1,566,958)	1,566,958
Bank overdraft	(166,715)	166,715	(116,701)	116,701
2017 Group and Company				
Interest bearing term loan	(2,474,489)	2,474,489	(1,732,143)	1,732,143
Bank overdraft	(124,531)	124,531	(87,172)	87,172

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

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

GROUP	On demand TZS'000	1 - 12 Months TZS'000	1 - 5 Years TZS'000	> 5 Years TZS'000	Non Interest bearing TZS'000	Total TZS'000
At 31 December 2018						
Financial assets						
Financial asset - Interest rate cap	-	-	-	-	6,466,965	6,466,965
Trade and other receivables	-	-	-	-	6,818,284	6,818,284
Cash and bank balances	-	82,080	-	-	16,917,447	16,999,527
	-	82,080	-	-	30,202,696	30,284,776
Financial liabilities						
Term borrowings	-	35,153,065	121,475,659	67,222,349	-	223,851,073
Trade and other payables	-	-	-	-	29,770,094	29,770,094
Derivative liabilities	-	-	-	-	380,766	380,766
Bank overdrafts	16,671,526	-	-	-	-	16,671,526
	16,671,526	35,153,065	121,475,659	67,222,349	30,150,860	270,673,459
Net exposure	**(16,671,526)**	**(35,070,985)**	**(121,475,659)**	**(67,222,349)**	**51,836**	**(240,388,683)**
At 31 December 2017						
Financial assets						
Financial asset - Interest rate cap	-	-	-	-	4,994,316	4,994,316
Trade and other receivables	-	-	-	-	13,685,413	13,685,413
Cash and bank balances	-	2,076,215	-	-	5,388,190	7,464,405
	-	2,076,215	-	-	24,067,919	26,144,134

35 FINANCIAL RISK MANAGEMENT (Continued)

	On demand TZS'000	1 - 12 Months TZS'000	1 - 5 Years TZS'000	> 5 Years TZS'000	Non interest bearing TZS'000	TOTAL TZS'000
Interest rate risk (Continued)						
Financial liabilities						
Term borrowings	-	31,167,349	93,270,397	100,472,003	-	224,909,749
Trade and other payables	-	-	-	-	27,746,654	27,746,654
Bank overdrafts	12,453,135	-	-	-	-	12,453,135
	12,453,135	31,167,349	93,270,397	100,472,003	27,746,654	265,109,538
Net exposure	**(12,453,135)**	**(29,091,134)**	**(93,270,397)**	**(100,472,003)**	**(3,678,735)**	**(238,965,404)**
Company						
At 31 December 2018						
Financial assets						
Financial asset - Interest rate cap	-	-	-	-	6,466,965	6,466,965
Due from employees' share trust	-	-	-	-	450,016	450,016
Trade and other receivables	-	-	-	-	8,806,677	8,806,677
Cash and bank balances	-	82,080	-	-	16,233,973	16,316,053
	-	82,080	-	-	31,957,631	32,039,711
Financial liabilities						
Term borrowings	-	35,153,065	121,475,659	67,222,349	-	223,851,073
Trade and other payables	-	-	-	-	29,379,461	29,379,461
Derivative liabilities	-	-	-	-	380,766	380,766
Bank overdrafts	16,671,526	-	-	-	-	16,671,526
	16,671,526	35,153,065	121,475,659	67,222,349	29,760,227	270,282,826
Net exposure	**(16,671,526)**	**(35,070,985)**	**(121,475,659)**	**(67,222,349)**	**2,197,404**	**(238,243,115)**
At 31 December 2017						
Financial assets						
Financial asset - Interest rate cap	-	-	-	-	4,994,316	4,994,316
Due from employees' share trust	-	-	-	-	843,782	843,782
Trade and other receivables	-	-	-	-	13,181,105	13,181,105
Cash and bank balances	-	2,076,215	-	-	3,530,534	5,606,749
	-	2,076,215	-	-	22,549,737	24,625,952
Financial liabilities						
Term borrowings	-	31,167,349	93,270,397	100,472,003	-	224,909,749
Trade and other payables	-	-	-	-	26,263,212	26,263,212
Bank overdrafts	12,453,135	-	-	-	-	12,453,135
	12,453,135	31,167,349	93,270,397	100,472,003	26,263,212	263,626,096
Net exposure	**(12,453,135)**	**(29,091,134)**	**(93,270,397)**	**(100,472,003)**	**(3,713,475)**	**(239,000,144)**

Foreign currency risk

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

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

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

	2018		2017	
Group	**Increase/ (decrease) in the value of TZS vs. USD**	**Effect on loss and equity TZS'000**	**Increase/ (decrease) in the value of TZS vs. USD**	**Effect on loss and equity TZS'000**
Net effect based on statement of financial position	+10%	(22,592,744)	+10%	(21,968,823)
Net effect based on statement of financial position	-10%	22,592,744	-10%	21,968,823
Company				
Net effect based on statement of financial position	+10%	(21,475,935)	+10%	(22,548,132)
Net effect based on statement of financial position	-10%	21,475,935	-10%	22,548,132

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

The various currencies to which the Company and Group was exposed as 31 December 2018 and 31 December 2017 are summarised in the table below (All amounts expressed in TZS '000)

	Group - At 31 December 2018			
	Exposure in USD	**Exposure in EURO**	**Exposure in ZAR**	**Total in functional currency**
Financial assets				
Financial asset - Interest rate cap	6,466,965	-	-	6,466,965
Trade and other receivables	779,818	-	-	779,818
Cash and bank balances	1,270,497	218,759	72,021	1,561,277
	8,517,280	218,759	72,021	8,808,060
Financial liabilities				
Bank overdrafts	7,866,525	-	-	7,866,525
Term borrowings	223,851,073	-	-	223,851,073
Trade and other payables	2,727,117	615,464	615,918	3,958,499
	234,444,715	615,464	615,918	235,676,097
Net exposure	**(225,927,435)**	**(396,705)**	**(543,897)**	**(226,868,037)**

	Group - At 31 December 2017			
	Exposure in USD	Exposure in EURO	Exposure in ZAR	Total in functional currency
Financial assets				
Financial asset - Interest rate cap	4,994,316			4,994,316
Trade and other receivables	995,005	-	-	995,005
Cash and bank balances	1,123,308	169,565	439,636	1,732,509
	7,112,629	169,565	439,636	7,721,830
Financial liabilities				
Term borrowings	224,909,748	-	-	224,909,748
Trade and other payables	1,891,110	463,408	268,216	2,622,734
Bank overdrafts	5,071,370	-	-	5,071,370
	226,800,858	463,408	268,216	227,532,482
Net exposure	**(219,688,229)**	**(293,843)**	**171,420**	**(219,810,652)**

	Company - At 31 December 2018			
	Exposure in USD	Exposure in EURO	Exposure in ZAR	Total in functional currency
Financial assets				
Financial asset - Interest rate cap	6,466,965	-	-	6,466,965
Trade and other receivables	593,177	-	-	593,177
Cash and bank balances	12,625,222	218,759	72,021	12,916,002
	19,685,364	218,759	72,021	19,976,144
Financial liabilities				
Term borrowings	223,851,073	-	-	223,851,073
Trade and other payables	2,727,117	615,464	615,918	3,958,499
Bank overdrafts	7,866,525	-	-	7,866,525
	234,444,715	615,464	615,918	235,676,097
Net exposure	**(214,759,351)**	**(396,705)**	**(543,897)**	**(215,699,953)**

	Company - At 31 December 2017			
	Exposure in USD	Exposure in EURO	Exposure in ZAR	Total in functional currency
Financial assets				
Financial asset - Interest rate cap	4,994,316	-	-	4,994,316
Trade and other receivables	403,379	-	-	403,379
Cash and cash equivalents	993,217	-	-	993,217
	6,390,912	-	-	6,390,912

	Company - At 31 December 2017			
	Exposure in USD	Exposure in EURO	Exposure in ZAR	Total in functional currency
Financial liabilities				
Term borrowings	224,909,748	-	-	224,909,748
Trade and other payables	1,891,110	463,408	268,216	2,622,734
Bank overdrafts	5,071,370	-	-	5,071,370
	231,872,228	463,408	268,216	232,603,852
Net exposure	**(225,481,316)**	**(463,408)**	**(268,216)**	**(226,212,940)**

Applicable exchange rates:	USD	EURO	ZAR
Average for the year ended 31 December 2018	2,256	2,639	170
At 31 December 2018	2,281	2,615	158
Average for the year ended 31 December 2017	2,201	2,466	170
At 31 December 2017	2,230	2,662	181

(b) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company and Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions. By the nature of the Group's business, there are no contract assets. Customer credit risk is managed subject to the Group's established policies, procedures and controls relating to customer credit risk management. The Company and Group deal with creditworthy third parties. It is the Company's and Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, debtors' balances are monitored on an ongoing basis with the result that the Company's and Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Company and Group do not offer credit terms without the approval of the directors. For all export transactions, full upfront payment is demanded. The Company and Group have no significant concentration of credit risk that has not been adequately provided for. The Company and Group do hold collateral in form of bank guarantee for certain customers as security. The Company's and Group's bank balances are held in regulated commercial banks and this mitigates credit risk related to these balances.

The maximum exposure to credit risk at the reporting date comprises the carrying amounts of the following financial assets.

	Notes	Group		Company	
		2018 TZS'000	2017 TZS'000	2018 TZS'000	2017 TZS'000
Due from Trust	18	-	-	450,016	843,782
Trade and other receivables	22	6,818,284	13,685,413	8,806,677	13,181,105
Bank balances	24	17,215,672	7,415,000	16,361,168	5,564,344
		24,033,956	**21,100,413**	**25,617,861**	**19,589,231**

Trade receivables

The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located all over the country and in different industries. The Group had the following concentration of credit risk with respect to trade and other receivables:

Company	2018		2017	
	TZS'000	%	TZS'000	%
Trade receivables - third parties	3,327,260	44%	3,572,659	31%
Due from related parties	4,316,503	56%	7,954,622	69%
	7,643,763	**100%**	**11,527,281**	**100%**

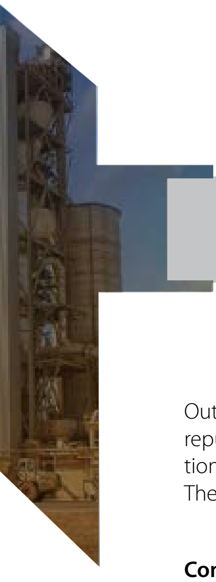
Group	2018		2017	
	TZS'000	%	TZS'000	%
Trade receivables - third parties	5,482,252	100%	12,031,587	100%
Due from related parties	-	0%	-	0%
	5,482,252	**100%**	**12,031,587**	**100%**

The terms and conditions for the amounts due from related parties are indicated in Note 32.

The concentration of credit risk with respect to trade receivables is further analysed as follows:

Company	2018		2017	
	Number of customers	% of total receivables	Number of customers	% of total receivables
Owed less than or equal to TZS 200m	21	16%	11	7%
Owed more than TZS 200m	7	84%	9	93%
	28	**100%**	**20**	**100%**

Group	2018		2017	
	Number of customers	% of total receivables	Number of customers	% of total receivables
Owed less than or equal to TZS 200m	111	33%	112	38%
Owed more than TZS 200m	8	67%	18	62%
	119	**100%**	**130**	**100%**



Outstanding trade receivables are regularly monitored and supplies to some customers are covered by bank guarantees obtained from reputable banks. The bank guarantees held are considered integral part of trade receivables but have not been considered in the calculation of expected credit losses. This is because the amount of trade receivables covered by guarantees as at year-end was not significant. The Group had the following credit enhancements:

	2018		2017	
Company	Total amount held	% of total receivables	Total amount held	% of total receivables
Bank guarantees	229,629	3%	375,892	3%
Group				
Bank guarantees	229,629	3%	375,892	3%

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for each customer. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the trade receivables using a provision matrix:

Company	0-30 Days		31>60 Days	61>90 Days	91>120 Days	Over 120 Days	Total
At 31 December 2018							
Gross carrying amount (TZS'000)	4,316,503	2,614,168	612,655	251,041	102,517	503,676	8,400,560
Expected credit loss rate (%)	0%	4%	9%	19%	40%	100%	
Expected credit loss (TZS'000)	**-**	**109,224**	**55,758**	**46,710**	**41,430**	**503,676**	**756,797**
At 1 January 2018							
Gross carrying amount (TZS'000)		9,653,784	558,157	1,024,711	182,065	595,696	12,014,413
Expected credit loss rate (%)		4%	8%	21%	45%	100%	
Expected credit loss (TZS'000)		**430,285**	**43,746**	**211,901**	**82,298**	**595,696**	**1,363,926**
Group							
At 31 December 2018							
Gross carrying amount (TZS'000)		4,599,050	1,219,966	367,758	102,517	2,073,718	8,363,009
Expected credit loss rate (%)		10%	14%	39%	40%	100%	
Expected credit loss (TZS'000)		**452,324**	**169,061**	**144,224**	**41,430**	**2,073,718**	**2,880,757**
At 1 January 2018							
Gross carrying amount (TZS'000)		8,343,278	1,548,294	1,281,566	182,065	1,557,258	12,912,461
Expected credit loss rate (%)		7%	17%	50%	45%	81%	
Expected credit loss (TZS'000)		**590,697**	**262,810**	**637,364**	**82,298**	**1,262,194**	**2,835,363**

Due to the nature of the Company's operations, credit limits may sometimes be exceeded on a temporary basis with appropriate approvals. Management does not expect significant losses from non-performance by such customers.

Generally, trade receivables are written off if past due and are not subject to enforcement activity.

Refer to Note 22 for further disclosures on trade and other receivables.

With respect to credit risk arising from the other financial assets of the Company and Group which comprise bank balances, the Group uses banks which are regulated. The Company and Group evaluate the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries that operate in largely independent markets.

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

	Note	Group		Company	
		2018 TZS'000	2017 TZS'000	2018 TZS'000	2017 TZS'000
Due from employees' share trust	18	-	-	450,016	180,993
Financial asset - Interest rate cap	20(a)	6,466,965	4,994,316	6,466,965	4,994,316
Trade and other receivables (gross less prepayments)	22	9,699,041	14,566,286	9,563,474	13,668,237
Bank balances	24	38,100	7,464,405	38,100	5,606,749
Maximum exposure		**16,204,106**	**27,025,008**	**16,518,555**	**24,450,295**

35 **(c) Liquidity risk**

Liquidity risk is the risk that suitable sources of funding for the Group's business activities may not be available and thus the Group being unable to fulfil its existing and future cash flow obligations. The directors have assessed that the Group was in compliance with borrowing agreement covenants.

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

	On demand TZS'000	Less than 6 months TZS'000	1 to 5 years TZS'000	More than 5 years TZS'000	Total TZS'000
Group					
At 31 December 2018					
Bank overdrafts	16,671,526	-	-	-	16,671,526
Derivative liabilities	-	380,766	-	-	380,766
Term borrowings	-	15,538,878	218,177,758	48,827,114	282,543,750
Trade and other payables	-	29,770,094	-	-	29,770,094
Maximum exposure	**16,671,526**	**45,689,738**	**218,177,758**	**48,827,114**	**329,366,136**

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	On demand TZS'000	Less than 6 months TZS'000	1 to 5 years TZS'000	More than 5 years TZS'000	Total TZS'000
At 31 December 2017					
Bank overdrafts	12,453,135	-	-	-	12,453,135
Interest-bearing loans	-	15,189,914	130,146,304	136,048,452	281,384,670
Trade and other payables	-	27,746,654	-	-	27,746,654
Maximum exposure	**12,453,135**	**42,936,568**	**130,146,304**	**136,048,452**	**321,584,459**
Company					
At 31 December 2018					
Bank overdrafts	16,671,526	-	-	-	16,671,526
Derivative liabilities	-	380,766	-	-	380,766
Interest-bearing loans	-	15,538,878	218,177,758	48,827,114	282,543,750
Trade and other payables	-	29,379,461	-	-	29,379,461
Maximum exposure	**16,671,526**	**45,299,105**	**218,177,758**	**48,827,114**	**328,975,503**
At 31 December 2017					
Bank overdrafts	12,453,135	-	-	-	12,453,135
Interest-bearing loans	-	15,189,914	130,146,304	136,048,452	281,384,670
Trade and other payables	-	26,263,212	-	-	26,263,212
Maximum exposure	**12,453,135**	**41,453,126**	**130,146,304**	**136,048,452**	**320,101,017**

36 CONTINGENT LIABILITIES

(a) Litigation

There are several court cases instituted against the Group by some of its ex-employees whose services ceased as part of a specific redundancy exercise and others due to termination of employment or retirement. These ex-employees are claiming various employment termination benefits aggregating to over TZS 7.5 billion (2017: TZS 7.5 billion).

As at 31 December 2018, there is an ongoing legal dispute over land with villagers from Pande who are claiming TZS 7 billion from the Company. The directors expect that this will not result into material liabilities.

As at 31 December 2018, the Company was a defendant in some legal cases for which the Company's legal counsel estimates total possible loss of TZS 208 million.

(b) Taxation

As at 31 December 2018, the Company had the following contingent liabilities relating to unresolved income tax assessments.

	Group		Company	
	2018 TZS'000	2017 TZS'000	2018 TZS'000	2017 TZS'000
Group management fees - Corporate Income tax	786,000	1,577,000	786,000	1,577,000
Marketing fees - Corporate Income tax	-	381,000	-	381,000
Value Aded Tax	-	2,068,000	-	2,068,000
Withholding tax	-	-	-	
Payroll taxes	-		-	
CDEAL open tax assessments (2013 - 2017) - Withholding tax on local services	24,527	-	-	-
CDEAL open tax assessments (2013 - 2017) - Withholding tax on rent	23,997	-	-	-
CDEAL open tax assessments (2013 - 2017) - Corporate Income tax	278,004	-	-	-
CDEAL open tax assessments (2014 - 2017) - Skills and development levy	69,637	-	-	-
	1,182,165	**4,026,000**	**786,000**	**4,026,000**

36 CONTINGENT LIABILITIES (Continued)

The Company objected to and appealed against the assessments. The directors are confident that the Group's basis for objection is reasonable and that no material liabilities will arise from these open tax assessments.

During the year, the Company agreed to settle open tax assessments with Tanzania Revenue Authority (TRA) under a Tax Amnesty Programme that was affective from July 2018 to December 2018. Principal tax liabilities amounting to TZS 1,877 million were agreed and the related interest and penalties amounting to TZS 126 million waived. The principal tax liabilities agreed upon comprised the following:

	Group		Company	
	2018 TZS'000	2017 TZS'000	2018 TZS'000	2017 TZS'000
Income tax liabilities	701,384	-	701,384	-
VAT liabilities	1,081,059	-	1,081,059	-
Payroll taxes	95,000	-	95,000	-
Total principle tax liabilty	**1,877,443**	**-**	**1,877,443**	**-**

The income tax is included in the net income tax credit to profit or loss and the VAT and payroll tax expenses are included under administration expenses.

(c) Claims

The Company received a claim of TZS 4.7 billion from the Fair Competition Commission (FCC) of Tanzania on the basis that the transaction that resulted in the AfriSam Group acquiring control of the Company did not follow the competition regulations of Tanzania. The Company is contesting the claim and lodged an appeal in the Court of Appeal. The directors are of the opinion, based on legal advice of the Company's lawyers, that no material financial loss will result from this claim.

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

37 ULTIMATE HOLDING COMPANY

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

38 FAIR VALUE MEASUREMENTS

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. This level includes listed equity securities and debt instruments on exchanges;

- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices, interest and yield curves) or indirectly (that is, derived from prices); and

- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs to valuation techniques).

The fair value of the financial instruments measured at fair value in the consolidated and separate financial statements, that is, the derivative asset resulting from the interest rate cap and the derivative financial liabilities arising from the forward currency contracts, is valued using fair values independently sourced from the vendor and spot foreign exchange rates from bankers respectively. The fair value is based on quoted values as provided by the vendor or banker at the reporting date being the values that the vendor sells similar instruments in an active market. As such, the interest rate cap financial asset and forward currency contract derivative liabilities are categorised under Level 2 for the purpose of fair value measurement.

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

Valuation technique	Significant observable inputs	Range (weighted average)	
		2018	2017
Market approach	6 months LIBOR interest rates	1.97% - 2.81%	1.46% - 1.9%
	TZS/USD foreign exchange rates	2,230 - 2,281	2,201-2,230

Description of valuation techniques used and key inputs to valuation of the forward currency contracts:

Market approach	**TZS/USD foreign exchange rates**	**2,230 - 2,281**

The fair value of the Group's and Company's other financial assets and liabilities reasonably approximates the carrying amounts.
- Trade and other receivables and payables, and bank balances: Due to the short term nature of the financial instruments.
- Interest bearing borrowings: The interest rates charged on the borrowings are in line with the market interest rates charged on similar loans.

The investment property presented in note 19(a) is categorised in Level 3. The relevant fair value disclosures are included in Note 19(a).

39 SEGMENT INFORMATION

The Group is organised into one single business unit for management purposes. Management monitors the operating results of the business as a single unit for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which is measured the same as the operating profit or loss in the financial statements.
The Group's operations are restricted to manufacturing and selling of cement to consumers. No single customer of the Company contributes revenue amounting to more than 10% of the Company's revenue except for the fully owned subsidiary, Cement Distributors (E.A) Limited which contributed 28% of the Company's revenue for the current year (2017: 19%).

	Group		Company	
	2018 TZS'000	2017 TZS'000	2018 TZS'000	2017 TZS'000
Location of non-current assets				
Non-current assets located in Tanzania	355,059,942	366,896,648	355,058,012	380,499,118
Non-current assets located in Rwanda and Burundi	5,574	4,513	-	-
Total non-current assets	**355,065,516**	**366,901,161**	**355,058,012**	**380,499,118**
Source of revenue				
Revenue from Tanzania	202,548,077	162,685,484	193,576,346	143,631,577
Revenue from Rwanda and Burundi	12,374,822	9,059,231	12,374,822	6,856,962
Total revenue	**214,922,899**	**171,744,715**	**205,951,168**	**150,488,539**

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

40 APPROVAL OF FINANCIAL STATEMENTS

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

41 GOING CONCERN ASSESSMENT

The Group and Company incurred losses of TZS 11,259 million and TZS 10,703 million respectively during the year ended 31 December 2018 (2017: TZS 26,340 million and TZS 27,078 million respectively), and as at that date, the Group's and Company's current liabilities exceeded current assets by TZS 11,679 million and TZS 10,179 million respectively (2017: TZS 6,042 million and TZS 5,565 million respectively).
The financial results showed a significant improvement over the prior year. Cement demand continued to be robust in 2018 and the Group managed to continue improving its operating efficiencies and supply to the market. Emerging from very competitive market price conditions in 2017, cement margins improved during the year.

The Group and Company continue to be solvent with a net assets position of TZS 150 billion and TZS 151 billion, have positive net cash flows from operations of TZS 39 billion and TZS 40 billion and positive EBITDA of TZS 34 billion and TZS 35 billion respectively. Furthermore, as indicated in Note 24, the Company has sufficient approved undrawn working capital facilities. The Company's directors have made an assessment of the Group's and Company's ability to continue as going concerns and are satisfied that, based on these financial results and position and the approved business plan, the Group and Company have access to sufficient resources necessary to enable them to continue in business for the foreseeable future. The Group continues to implement strategic measures that are being pursued to get the Group back to profit after tax. Achieving profitability after tax and continued generation of sufficient cash flows from operations is dependent on the Group implementing the business plan and strategies that were approved by the Board of Directors. The Group's business growth will also continue to be anchored on the growth of the Tanzanian construction industry. Robust infrastructure investment and a strengthening the consumer base remain drivers of the growth supported by low inflation levels. With the commissioning of the second integrated production line, the Group has capacity to defend and grow its share of the cement demand in the country. The Group also remains committed to production of quality cement products which are demanded by the bigger construction projects that are in progress and in the pipeline.
Furthermore, the directors are not aware of any material uncertainties that may cast significant doubt upon the Group's and Company's ability to continue as going concerns. Therefore, these consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business..

42 EVENTS AFTER THE REPORTING PERIOD

Approval of working capital facility

Subsequent to the reporting period, the senior lendor (PIC) approved the Stanbic Bank Tanzania Limited overdraft facility of USD 5 million (TZS 11.5 billion). The facility was approved by the bank during the year.

Other events

There are no other events after the reporting date which require adjustment to or disclosure in the consolidated and separate financial statements.

Proxy Form

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

Please complete in block letters

I/ We.. of P O Box ....being a shareholder/ shareholders of Tanga Cement PLC hereby appoint .... of P O Box .... as my/ Proxy to vote for me/ on our behalf at the Annual General Meeting of the Company to be held on Friday 23 August 2019, at the Double Tree Hilton, Dar Es Salaam, or at any adjournment thereof.

Signed and witnessed on this day of 2019

....

(Signature/s)

Fomu ya Mwakilishi

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

Tafadhali jaza kwa herufi kubwa

Mimi/Sisi.. wa S L P ....

Nikiwa mwanahisa/wanahisa wa Tanga Cement PLC, nachagua .... wa

S L P .... kama mwakilishi wangu/wawakilishi/wetu kupiga kura kwa ajili yangu/yetu na kwa niaba yangu/ yetu katika Mkutano Mkuu wa Mwaka wa Kampuni utakao fanyika siku ya Ijumaa 23 Agosti 2019, Hoteli ya Double Tree Hilton, Dar Es Salaam, au mahali popote patakapo amuliwa.

Kama shahidi saini yangu/zetu leo Tarehe 2019

....

(Saini)

Clock Tower, Arusha
Marked the site of the first German Headquarters in Tanganyika.
Currently, it marks the exact midpoint between Cairo and Capetown.

SIMBA CEMENT
STRENGTH WITHIN

Notice to Members

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

Notice is hereby given that the twenty fifth Annual General Meeting of Shareholders of Tanga Cement Public Limited Company will be held at the DoubleTree by Hilton Oysterbay in Dar es Salaam on Friday 23 August 2019 at 08Hrs30, for the following purposes:

1. **Notice of Meeting**
   Notice convening the meeting to be taken as read.
2. **Approval of Minutes**
   To approve and sign the minutes of the twenty fourth Annual General Meeting held on 24 August 2018.
3. **Financial Statements and Directors' Reports**
   To review and adopt the Financial Statements and Directors' report for the year ended 31 December 2018.
4. **Dividend for the year ended 31 December 2017**
   Shareholders to note the proposal from the Board not to declare a final dividend for the financial year ended 31 December 2018.
5. **Appointment of Directors**
   To appoint Directors to the Board.
6. **Ammendment of Articles and Memorandum of Association to authorise the Appointment of Additional directors**
   To ammend the Articles and Memorandum of Associations to allow the Appointment of additional directors in terms of Articles 62(a).
   To amend Article 68 of the Memorandum and Articles of association to separate the appointment of Directors to fill a casual vacancy vacancy by the Board of Directors.
7. **Approval of Directors Remuneration**
   To approve the directors remuneration for the 2019 financial year.
8. **Appointment of External Auditors**
   To approve the appointment of the External Auditors for the 2019 financial year.
9. **General**
   Any other business.

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

By order of the Board.

Ganijee

Quresh Ganijee
Company Secretary
23 July 2019

Taarifa Kwa Wanachama

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

Taarifa inatolewa kwa wanahisa kwamba Mkutano Mkuu wa Mwaka wa ishirini na tano wa wanahisa wa Kampuni ya Tanga Cement PLC utakaofanyika Hoteli ya Double Tree Hilton, Dar es Salaam, siku ya Ijumaa tarehe 23 Agosti 2019 kuanzia saa mbili na nusu (2.30) asubuhi kwa madhumuni yafuatayo:

1. **Taarifa ya Mkutano**
   Taarifa ya kuitisha mkutano ichukuliwe kama inavyosomeka.
2. **Kupitisha Kumbukumbu**
   Kuidhinisha na kusaini kumbukumbu za Mkutano Mkuu wa Mwaka wa ishirini na nne uliofanyika tarehe 24 Agosti 2018.
3. **Taarifa za Fedha na Ripoti za Wakurugenzi**
   Kupitia na kupitisha Taarifa za Fedha na ripoti za Wakurugenzi kwa mwaka ulioishia tarehe 31 Desemba 2018.
4. **Gawio kwa mwaka ulioishia tarehe 31 Disemba 2018**
   Kuidhinisha tamko la gawio kwa mwaka ulioishia tarehe 31 Desemba 2018.
5. **Uteuzi wa Wakurugenzi**
   Kuteua Wakurugenzi wa Bodi.
6. **Marekebisho ya Kifungu cha Katiba ya Kampuni kwaajili ya kuidhinisha uteuzi wa Wakurugenzi wa Ziada**
   Marekebisho ya Kifungu cha Katiba ya Kampuni kwa ajili ya kuruhusu uteuzi wa Wakurugenzi wa ziada kulingana na kifungu namba 62 (a)
   Kurekebisha Kifungu namba 68 kwenye Katiba ya Kampuni ili kutenganisha uteuzi wa Wakurugenzi kwa ajili ya kujaza nafasi zisizo rasmi za wanahisa wa Kampnuni na uteuzi wa Wakurugenzi wa ziada kwa ajili ya kujaza nafasi zisizo rasmi kwenye Bodi ya Wakurugenzi.
7. **Kuidhinisha Mapato ya Wakurugenzi**
   Kuidhinisha mapato ya Wakurugenzi kwa mwaka wa fedha 2019.
8. **Uteuzi wa Wakaguzi wa Nje**
   Kuidhinisha uteuzi wa Wakaguzi wa Nje kwa mwaka wa fedha 2019.
9. **Majumuisho**
   Mengineyo.

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

Kwa agizo la Bodi.

Ganijee

Quresh Ganijee
Katibu wa Kampuni
23 Julai 2019

SIMBA CEMENT

STRENGTH WITHIN

TANGA CEMENT PUBLIC LIMITED COMPANY

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