SIMBA CEMENT
STRENGTH WITHIN

TANGA CEMENT PLC

ANNUAL REPORT

TAARIFA YA MWAKA 2019

www.simbacement.co.tz

As Tanzanians we remain focused. Our eyes are set on the prize . Determined as ever to bring out the very best in each of us.

SIMBA CEMENT
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ANNUAL REPORT **2019**

Contents | Yaliyomo

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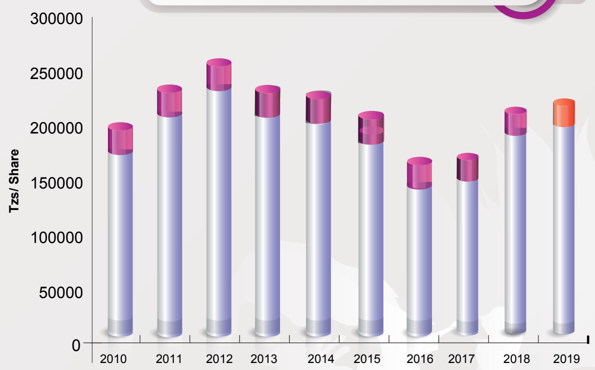
Financial Summary

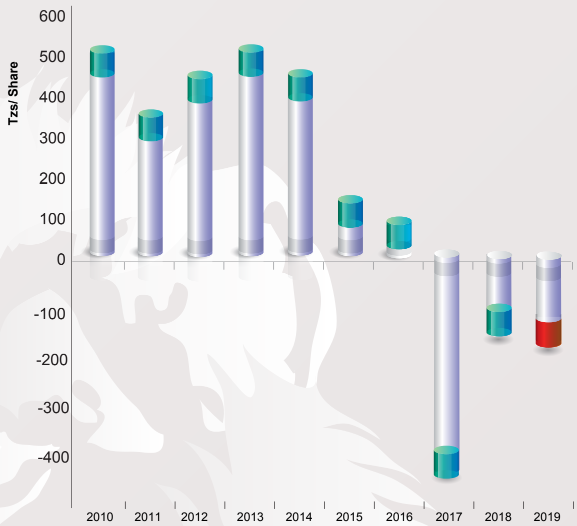
Revenue



Year	Tzs Millions
2010	199,428.26
2011	233,863.26
2012	257,921.83
2013	233,060.60
2014	232,100.72

Year	Tzs Millions
2015	209,116.05
2016	166,975.48
2017	171,744.72
2018	214,922.90
2019	220,882.29

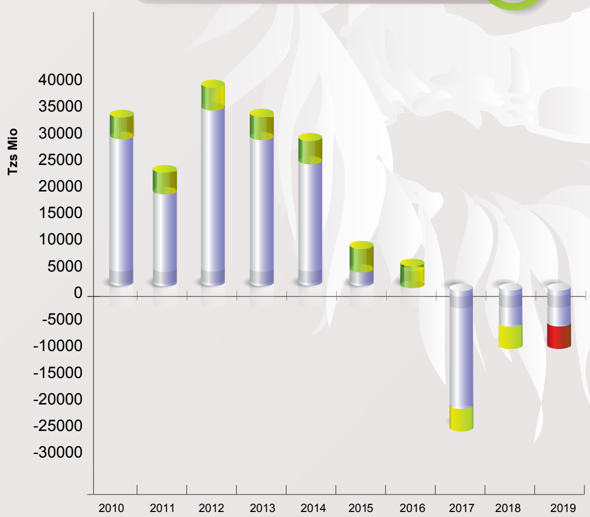
Earning per share



Year	Tzs
2010	512.00
2011	350.00
2012	555.00
2013	505.00
2014	446.00

Year	Tzs
2015	131.00
2016	68.00
2017	- 418.31
2018	-178.80
2019	-188.23

Profit after taxation

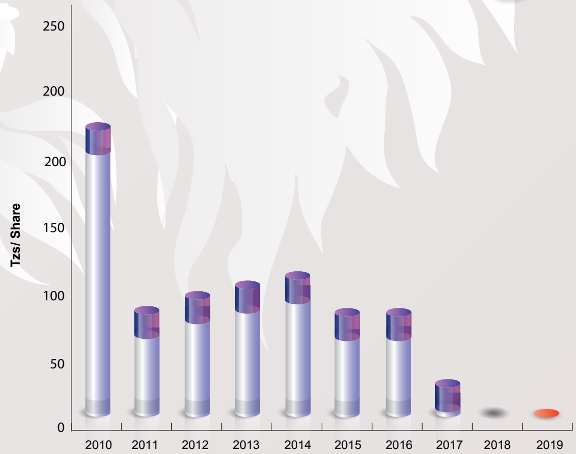


Tzs Million

Year	Tzs Millions
2010	32,574
2011	22,291
2012	37,113
2013	32,165
2014	28,401

Year	Tzs Millions
2015	8,242
2016	4,261
2017	-26,340
2018	-11,259
2019	-11,853

Dividend per share



Year	Tzs
2010	247.00
2011	86.00
2012	100.00
2013	110.00
2014	120.00

Year	Tzs
2015	80.00
2016	80.00
2017	25.00
2018	0.00
2019	0.00

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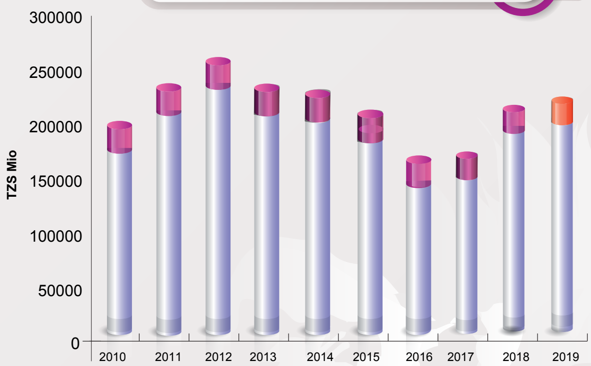
Vidokezo vya Mapato

Mapato



Mwaka	TZS Milioni
2010	199,428.26
2011	233,863.26
2012	257,921.83
2013	233,060.60
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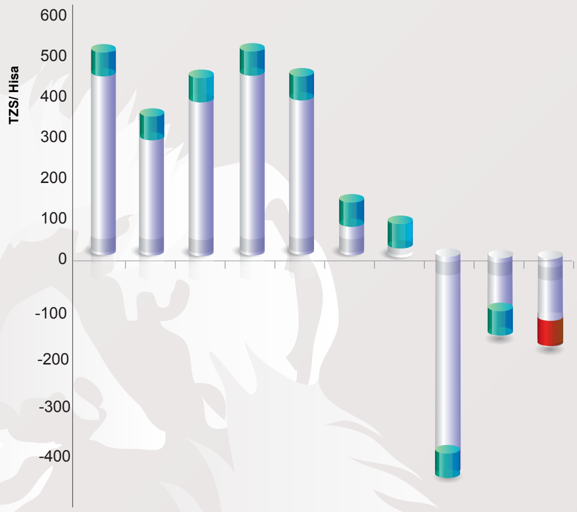
Mwaka	TZS Milioni
2015	209,116.05
2016	166,975.48
2017	171,744.72
2018	214,922.90
2019	220,882.29

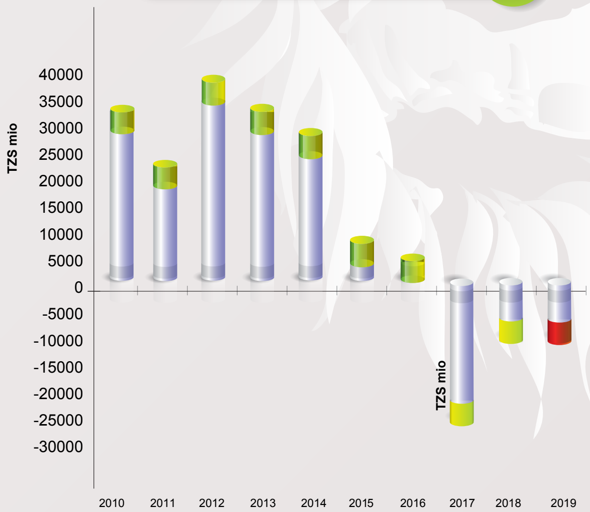
Mapato kwa Hisa



Mwaka	TZS
2010	512.00
2011	350.00
2012	555.00
2013	505.00
2014	446.00

Mwaka	TZS
2015	131.00
2016	68.00
2017	-418.31
2018	-178.80
2019	-188.23

Faida baada ya Kodi

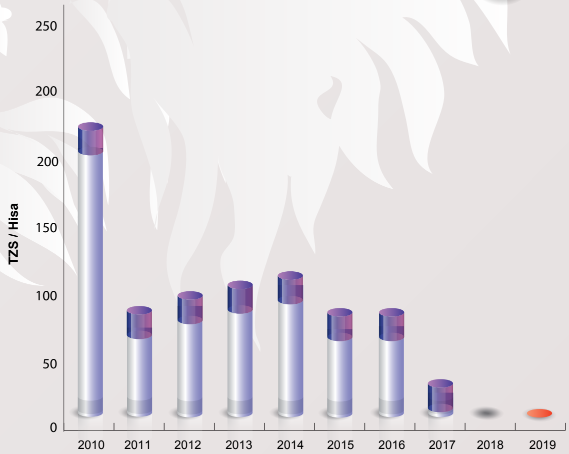


Tzs Milioni

Mwaka	TZS Milioni
2010	32,574
2011	22,291
2012	37,113
2013	32,165
2014	28,401

Mwaka	TZS Milioni
2015	8,242
2016	4,261
2017	-26,340
2018	-26,340
2019	-11,853

Gawio kwa Hisa



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2019	0.00

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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 (49)
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 (46)
Managing Director
Bsc.(Mechanical Engineering),
South African

- Mr Swart career expert 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 and appointed as Managing Director

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

SIMBA CEMENT
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Maelezo mafupi kuhusu Wakurugenzi | Directors' Profiles

Pieter de Jager(48)
Chief Financial Officer
(Executive)

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

South African

- Pieter has over 23 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(64)
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

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Maelezo mafupi kuhusu Wakurugenzi | Directors' Profiles

Khamis Omar (55)
(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 (45)
(Non-Executive)
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 (55)
(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

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Maelezo mafupi kuhusu Wakurugenzi | Directors' Profiles

Trevor Wagner (72)
(Independent Non-Executive)
CA (SA), MBL
South African

- Mr Wagner serves on a number of Boards as a Non-Executive Director, including 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 and is a Trustee of Trecar Trust

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 na mdhamini wa mfuko wa Trecar

Leon Serfontein(45)
(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 ontroller - 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 (37)
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

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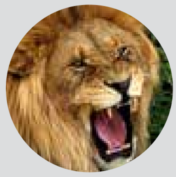
Advocate Lawrence Masha
Chairman of the Board

"The average annual headline inflation rate decreases to 3.4% in 2019 from 3.5% in 2018 as a result of Governments' fiscal and monetary policies."



Chairman's Statement

Dear Shareholders,
We hereby present the audited trading result of Tanga Cement Public Limited Company ("Tanga Cement" or the "company") and its subsidiaries (together, the "group") for the year ended 31 December 2019.

The group performed reasonably well on key financial performance indicators for the year ended 31 December 2019 despite the slight more challenging environment than comparative period in the prior year as described in the Financial and Operational Overview section below. We however affirm our commitment to all stakeholders through our high quality cement and clinker and our contribution towards the sustainable growth and development of Tanzania, a demonstration of our brand – "Strength Within".

Macro-economic Overview
The Group's 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 3.4% in 2019 from 3.5% in 2018 as a result of Governments' fiscal and monetary policies.

Economic performance remained stable with GDP growth of 6.8% for the 2019 year comparing to 7.1% recorded in 2018. Robust infrastructure investment and a strengthening consumer base remained major drivers of the business performance witnessed in the first six months supported by lower inflation levels, being in line with Government's medium term monetary policy target of 5% and within the East African Community (EAC) and Southern African Development Community (SADC) convergence criteria of not more than 8% and 3% to 7%, respectively.

The Group remains 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 2020. The Group is confident with the initiatives that the Government has taken to combat the spread of COVD-19 and commits to work together with the Government in growing the economy.

The Group 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
Market headwinds, particularly the competitive environment in the cement sector, during the year under review negatively impacted the Group's financial results. The Group's sales revenue increased by 3%, to TZS 221 billion from TZS 215 billion in 2018.

The gross margin decreased by 5% mainly due to additional depreciation on the right-of-use of our quarry fleet lease asset resulting from adoption of IFRS 16 Leases ("IFRS 16") in 2019.

The operating profit decreased by 16% mainly as a result of the additional depreciation expense of TZS 5 billion, relating to the right-of-use assets recognised following the adoption of IFRS 16, which increased the 2019 depreciation charge by 27% compared to the prior year. Other factors were increase in expected credit losses by 225% from TZS 305 million recognised in 2018 to TZS 990 million recognised in 2019 as a result of the increase in the aged trade receivables with higher probability of default. The Group also invested in once-off selling expenses, which contributed to the increase in selling expenses by 19% compared to the prior year, to expand and improve the sales, logistics and distribution offering to customers in the long term. The directors and management are positive that this will yield the desired returns in the short to medium term.

EBITDA improved by 8% to TZS 37 billion from TZS 34 billion in 2018 driven by the increase in revenue and operational efficiencies.

The Group incurred a loss before tax of TZS 14 billion in 2019 compared to the loss before tax of TZS 12 billion in 2018. The increase in loss before tax was mainly due to the decrease in operating profit, increase in foreign exchange and fair value losses which are mainly related to the USD denominated Tanga Kiln 2 loan and the interest expense on lease liabilities recognised following the adoption of IFRS 16 in 2019.

The Group recorded a net loss after tax of TZS 12 billion in 2019 compared to TZS 11 billion in 2018.

Cash generated from trading activities improved by 4% from TZS 41 billion recorded in 2018 to TZS 43 billion in 2019. Net cash flows from operations increased by 1% from TZS 40 billion recorded in 2018 to TZS 41 billion in 2019. The net cash flows from operations, and the EBITDA performance, are testament that the Group's operational business fundamentals and outlook continue to be positive.

The Group continues to be committed to its sales and cost optimisation initiatives as it continually seeks to enhance value for its stakeholders. The Group remains positive about 2020 despite the very competitive landscape and the impact of COVID-19. Government initiatives to spur economic growth through infrastructure development and promotion of local industries will boost local cement output and consumption while reducing the influx of cheap cement imports.

Dividend
The company did not declare interim or final dividends to shareholders for 2019 and 2018 respectively in line with the financial performance for the year. The board has decided to be prudent by committing available current cash resources to the operational and debt services commitments. The board will evaluate the financial performance for 2020 financial year when considering dividend declaration.

Conclusion
Tanga Cement remains grateful to its staff for their passion and dedication to the company, and to its customers for their belief in 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 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

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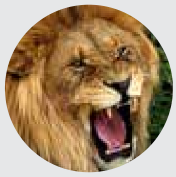
Wakili Lau Masha
Mwenyekiti wa bodi

> *Wastani wa mfumuko wa bei kwa mwaka ulipungua na kufikia asilimia 3.4 (3.4%) mwaka 2019 kutoka asilimia 3.5 (3.5%) mwaka 2018 uliosababishwa na matokeo ya sera za hazina na za kifedha za Serikali.*



Waraka wa Mwenyekiti

Utangulizi
Wanahisa,

Tuko hapa tukiwasilisha taarifa za biashara za Tanga Cement Public Limited ("Tanga Cement" au "kampuni") na kampuni zake tanzu (kwa pamoja "kundi") kwa mwaka unaoishia tarehe 31 Disemba 2019.

Kampuni ilifanya vizuri katika viashiria muhimu vya fedha kwa mwaka ulioishia Disemba 2019 licha ya kuwepo kwa mazingira yenye changamoto nyingi ikilinganishwa na mwaka uliopita kama ilivyoelezwa katika kifungu kinachelezea muhtasari wa kifenda na kiutendaji hapo chini. Lakini tunathibitisha kujitolea kwetu kwa wadau wote kupitia bidhaa zetu za simenti na klinka zenye ubora wa hali ya juu na mchango wetu kuelekea ukuaji endelevu na maendeleo ya Tanzania, tukithibitisha kauli mbiu ya chapa ya bidhaa zetu – "STRENGTH WITHIN".

Kampuni inaendelea kufanyakazi kuelekea usalama kazini na mtazamo ukiwa unabaki kuwa ni kuwalinda wafanyakazi na wakandarasi ili kuhakikisha wanaenedelea kuona ya fahari ya kazi tunayoifanya na jinsi tunavyofanya kazi.

Mapitio ya Uchumi
Ukuaji wa biashara ya kampuni (kundi) umeendelea kushikiliwa na ongezeko na ukuaji wa mahitaji katika sekta ya ujenzi ya Tanzania. Wastani wa mfumuko wa bei kwa mwaka ulipungua na kufikia asilimia 3.4 (3.4%) mwaka 2019 kutoka asilimia 3.5 (3.5%) mwaka 2018 uliosababishwa na matokeo ya sera za hazina na za kifedha za Serikali.

Utendaji wa kiuchumi ulibaki kuwa thabiti kukiwa na ukuaji wa pato la taifa (GDP) la asilimia 6.8 (6.8%) kwa mwaka 2019 ikilinganishwa na asilimia 7.1 (7.1%) iliyowekwa kwenye kumbukumbu mwaka 2018. Uwekezaji imara katika miundombinu na uimarishaji msingi wa wateja vilibakia kuwa misukumo kwenye utendaji kibiashara vilivyoshuhudiwa katika miezi sita ya mwanzo wa mwaka vikisaidiwa na kiwango kidogo cha mfumuko wa bei, vilivyokwenda sambamba na mipango ya Serikali ya muda wa kati ya kifedha ikilenga lengo la asilimia tano (5%) ndani ya Jumuiya ya Afrika Mashariki (EAC) na Ushirikiano wa Kikanda wa Jumuiya ya Maendeleo ya Kusini mwa Afrika (SADC) ambapo lengo likiwa si zaidi ya asilimia 8 (8%), na asilimia 3 (3%) mpaka asilimia 7 (7%) kwakufuatana.

Kampuni ina matumaini chanya yanayotokana na mipango ya maendeleo ya miundo mbinu chini ya Programu ya Maendelo ya Serikali ya mwaka 2025, ambapo tunatarajia miradi mingi kuendelea kushika kasi ndani ya mwaka 2020. Kampuni ina imani na hatua zilizochukuliwa na Serikali kudhibiti uchumi kutokana na uwezekano wa athari ambazo zingeweza kusababishwa na ugonjwa wa homa kali ya mapafu (COVID-19) na kuahidi kufanyakazi pamoja na Serikali katika kukuza uchumi.

Kampuni ina uwezo wa kukidhi mahitaji ya saruji nchini kwa kiwango kikubwa na ina ahidi kuzalisha bidhaa za simenti saruji zenye ubora wa hali ya juu.

Maelezo ya Fedha na Utendaji
Mabadiliko ya soko, hususan mazingira ya kiushindani katika sekta ya simenti, katika kipindi cha mwaka cha mapitio yaliathiri matokeo ya utendaji wa kifedha ya kampuni (Kundi). Mapato kutokana na mauzo yaliongezeka kwa asilimia 3 (3%) na kufikia TZS 221 bilioni kutoka TZS 215 bilioni mwaka 2018.

Faida ghafi ilipungua kwa asilimia 5 (5%) sababu kubwa ikiwa ni ongezeko la gharama za uchakavu kutokana na haki ya matumizi ya mashine zinazotumika kwenye machimbo yetu ambyo ni matokeo ya matumizi ya mfumo wa kimataifa wa kihasibu upande wa ukodishaji, yaani IFSR 16 Leases (IFRS 16) kwa mwaka 2019.

Faida ya uendeshaji ilipungua kwa asilimia 16 (16%) ikiwa ni matokeo ya ongezeko la uchakavu la shilingi za kiTanzania billion 5 (TZS 5 bilioni) ikihusiana na haki ya matumizi ya samani inayotambulika na kufuatia matumizi ya mfumo wa kimataia wa kihasibu, yaani IFRS 16, ambao uliongeza malipo ya uchakavu kwa asilimia 27 (27%) ikilinganishwa na mwaka uliopita. Sababu nyingine ni ongezeko la matarajio ya hasara iliyotokana na madeni kwa asilimia 22 (22%) kutoka shilingi za kiTanzania milioni 305 (TZS 305 milioni) iliyotambulika mwaka 2018 mpaka shilingi za kiTanzania milioni 990 (TZS 990 milioni) iliyotambulika mwaka 2019 ikiwa na matokeo ya ongezeko ya umri wa mapato ya biashara yenye uwezekano wa pato kubwa la msingi kuto kulipwa. Kampuni pia iliwekeza kwenye gharama za mara moja za mauzo ambazo zilichangia kwenye ongezeko la gharama za mauzo kwa asilimia 19 (19%) ikilinganishwa na mwaka uliopita kuongeza na kuboresha mauzo, upelekaji bidhaa kwa wateja kwa kipindi kirefu. Wakurugenzi na viongozi wanayo Imani kuwa maamuzi haya yataleta matokeo chanya katika kipindi kifupi na cha kati.

Mapato kabla ya riba, kodi, uchakavu na tengo la fedha (EBITDA) yaliboreka kwa asilimia 8 (8%) na kuwa shilingi za kiTanzania bilioni 37 (TZS 37 bilioni) kutoka shilingi za kiTanzania bilioni 34 (TZS 34 bilioni) mwaka 2018 iliyosababishwa na ongezeko la mapato kutokana na mauzo na ufanisi kwenye utendaji.

Kampuni (kundi) ilipata hasara kabla ya kodi/ushuru ya shilingi za kiTanzania bilioni 14 (TZS bilioni 14) mwaka 2019 ikilinganishwa na hasara kabla ya kodi ya shilinigi za kiTanzania bilioni 12 (TZS 12 bilioni) mwaka 2018. Ongezeko la hasara kabla ya kodi kwa kiasi kikubwa lilisababishwa na kupungua kwa faida ya uendeshaji, ongezeko katika ubadilishaji wa fedha za kigeni na hasara katika upoteaji wa thamani ya fedha ambayo ilihusiana na mkopo uliopo unaohusiana na dola za kimarekani (USD) kwaajili ya Kiln namba mbili (Tanga Kiln 2) na gharama za riba kwenye ukodishaji kwenye madeni katika matumizi ya IFRS 16 mwaka 2019.

Kampuni ili rekodi hasara halisi baada ya kodi ya shilingi za kiTanzania bilioni 12 (TZS 12 bilioni) mwaka 2019 ikilinganishwa na shilingi za kiTanzania bilioni 11 (TZS 11 bilioni) mwaka 2018.

Fedha taslimu iliyopatikana kutokana na shughuli za biashara iliongezeka kwa asilimia 4 (4%) kutoka shilingi za kiTanzania bilioni 41 (TZS 41 bilioni) zilizo rekodiwa mwaka 2018 na kufikia shilingi za kiTanzania bilioni 43 (TZS 43 bilioni) mwaka 2019. Mtiririko wa fedha kutokana na uendeshaji uliongezeka kwa asilimia 1% (1%) kutoka fedha za kiTanzania shilingi bilioni 40 (TZS 40 bilioni) iliyorekodiwa mwaka mwaka 2018 na kuwa shilingi za kiTanzania bilioni 41 (TZS 41 bilioni) mwaka 2019. Mtiririko wa fedha taslimu kutokana na shughuli za uendeshaji, na utendaji wa EBITDA, ni ushuhuda kwamba misingi ya uendeshaji na mtazamo wa kibiarasha wa Kampuni (Kundi) inaendelea kuwa mizuri na kufanya kazi vizuri.

Waraka wa Mwenyekiti

Kampuni (Kundi) iliendelea kujizatiti kwenye mauzo na mipango yake ya uboreshaji kwenye gharama huku ikiendelea kuongeza thamani ya wadau wake. Kundi/Kampuni inaendelea kuwa na imani kwa mwaka 2020 licha ya mazingira ya ushindani na athari zinazosababishwa na homa kali ya mapafu (COVID-19). Juhudi za Serikali za kuchochea ukuaji wa uchumi kupitia maendeleo ya miundombinu na ukuzaji wa viwanda vya ndani, vitakuza uzalishaji na matumizi ya saruji ya ndani wakati zikipunguza ongezeko la uingizaji nchini wa saruji dhaifu toka nje.

Gawio

Kampuni haikutangaza gawio la muda mfupi wala la muda mrefu kwa wanahisa wake kwa mwaka 2019 na mwaka 2018 kwa mtawalia sambamba na utendaji wake wa kifedha kwa mwaka. Bodi imeamua kuwa na busara kwa kuweka rasilimali ya fedha iliyopo kwenye uendeshaji na kwaajili ya kuwajibika katika kuhudumia deni. Bodi itakagua utendaji wa kifedha kwa mwaka wa fedha 2020 wakati wa kutaka kutoa tamko la gawio.

Hitimisho

Tanga Cement bado inawashukuru wafanyakazi wake kwa bidii yao na kujitolea kwao kwa kampuni, na kwa wateja wake na imani yao kwa chapa Simba, kama kampuni inayofanyakazi ili kufikia mikakati yake ya ukuaji ya muda mfupi na ya muda mrefu.

Wakati Tanzania ikibaki kuwa mwanachama muhimu wa Afrika Mashariki katika soko la ujenzi, uzalishaji wa saruji imejiweka vizuri ili kupata faida ya fursa za ukuaji katika soko la kanda.

Kwaniaba ya Bodi ya Wakurugenzi

Wakili Lawrence Masha

Mwenyeki wa Bodi

"Mauzo ya kampuni (Kundi) yameongezeka kwa asilimia 3 (3%) na kuwa TZS 221 bilioni kutoka TZS 215 bilioni mwaka 2018 licha ya usindani mkubwa wa bei ya simenti."

SIMBA CEMENT
STRENGTH WITHIN

Reinhardt Swart
Managing Director

"Sales revenue improved by 3% percent year on year to TZS 221bn in FY2019 compared to TZS 215bn in FY2018 despite competitive headwinds on cement prices"

SIMBA CEMENT
STRENGTH WITHIN

Managing Director's Report

Tanga Cement PLC is proud to present its financial results for the 2019 financial year, reflecting slightly more challenging environment than the comparative period in 2018, turning to account management's focused 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 competitive cement market which have emerged in Tanzania over the past three years.

We continue to be the market leader in restoring some degree of financially responsible and sustainable pricing levels and consumer expectations, coming off the sector-wide unsustainable pricing behaviour by competitors, which was evident in previous reported financial results of the majority of players.

Our Cement Quality and Operational Safety performance achievements over the past 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
Sales revenue improved by 3% percent year on year to TZS 221bn in FY2019 compared to TZS 215bn in FY2018 despite competitive headwinds on cement prices. The slight decrease in gross margin by 5% due to additional depreciation on the right-of-use of our quarry fleet lease asset resulting from the implementation of the new accounting standard on leases. The company further registered an increase in Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) to TZS 37bn for the 2019 financial year from TZS 34bn in 2018.

Although depreciation and interest on the loan funding for the capital investment in the TK2 production line remains a significant planned expense, the net loss after tax for 2019 increased to TZS 12bn from a net loss of TZS 11bn for 2018.

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

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

The significant capital investment made in expanding our production capacity, as undertaken in a 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 Railway Corporation (TRC) allows us access to more dedicated wagons for transport along the strategic distribution routes. This allows us to leverage off more cost efficient rail transport and distribution in Tanzania.

Outlook
Management will endure in implementing the long-term business strategies, production- and supply chain efficiency innovation, product offering and distribution solutions to our customers and contribute to the national infrastructure projects.

We look forward to improvements in the overall business environment in 2020/2021 poised on management's current strategic projects and opportunities, while remaining cognisant of macroeconomic developments and continued single-dimensional price-driven competition.

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 throughout 2020/2021.

Management is confident that the measures the company has implemented as well as the efforts of the Tanzanian Government to stabilise the economy from the potential impact of the COVID-19 pandemic, will ensure the long-term sustainability of the economy and the company. We have further committed to work with the Government to ensure the health and safety of all our stakeholders.

Reinhardt Swart
Managing Director

SIMBA CEMENT
STRENGTH WITHIN

Reinhardt Swart
Mkurugenzi Mtendaji

> *"Mapato ya mauzo yaliboreshwa kwa asilimia 3% mwaka hadi mwaka kwa shilingi za kitanzania bilioni 221 katika mwaka wa fedha 2019 ikilinganishwa na shilingi za kitanzania bilioni 215 katika mwaka wa fedha 2018 licha ya ushindani mkali kwa bei za saruji."*

Ripoti ya Mkurugenzi Mtendaji

Tanga Cement PLC inayo fahari kuwasilisha matokeo ya hesabu zake kwa mwaka wa fedha 2019, zikionesha mazingira magumu kidogo kuliko kipindi linganishi cha mwaka 2018, zilizogeuzwa na mtazamo wa usimamizi wa akaunti katika utekelezaji wa mikakati kadhaa dhidi ya ongezeko la shinikizo la ushindani wa bei za sokoni. Mfumo wetu wa biashara na udhibiti wa gharama umeonekana kuwa imara na ulileta matokeo mazuri na ya muda mrefu, ukipunguza athari za ushindani katika soko la simenti ambazo zimeibuka nchini Tanzania kwa miaka mitatu iliyopita.

Tunaendelea kuwa kiongozi wa soko katika kurudisha kiasi fulani cha viwango vya uwajibikaji kifedha na uendelevu wa viwango vya bei na matarajio ya mtumiaji, tukitoka kwenye hali ya bei isiyodumu ya tabia za washindani, ambayo ilidhihirishwa katika matokeo ya hesabu za fedha yaliyoripotiwa hapo awali ya wadau wengi ndani ya sekta.

Ubora wa simenti yetu na ufanisi wa utendaji wetu kiusalama na wa kiuendeshaji katika mwaka uliopita vinabaki kuwa vya viwango vya juu zaidi kimataifa na kuthibitishwa kuwa ni vitu vinavyo changia katika kutuwezesha kuwa na faida kiushindani kwaajili ya uendelevu katika nyanja zote za biashara yetu.

Utendaji wa Kifedha

Mapato ya mauzo yaliboreka kwa asilimia tatu (3%) mwaka hadi mwaka kwa shilingi za kiTanzania bilioni 221 katika mwaka wa fedha 2019 ikilinganishwa na shilingi za kiTanzania bilioni 215 katika mwaka wa fedha 2018 licha ya ushindani mkali wa bei za simenti. Kupungua kidogo kwa pambizo (faida ghafi??) la jumla kwa asilimia tano (5%) ni kwa sababu ya ongezeko la kushuka kwa thamani ya mali (uchakavu??) za kukodisha mitambo ya kutumia kwenye machimbo yetu kutokana na utekelezaji wa kiwango kipya cha uhasibu kwenye ukodishaji wa samani. Kampuni ilirekodi tena ongezeko la Mapato Kabla ya Kushuka kwa Thamani ya Ushuru na Kupunguza Madeni hadi shillingiza kiTanzania billion thelathini na saba (37 bilioni) kwa mwaka wa fedha wa 2019 kutoka shilingi za kiTanzania bilioni 34 kwa mwaka 2018.

Ingawa kushuka kwa thamani na riba kwa fedha za mkopo kwa uwekezaji wa mtaji katika laini ya uzalishaji ya kilni namba mbili (TK2) bado ni gharama kubwa iliyopangwa, upotevu wa jumla baada ya ushuru kwa mwaka 2019 umeongezeka hadi kufikia shilingi za kiTanzania bilioni 12 kutoka upotevu wa jumla wa shilingi bilioni kumi na moja (11 bilioni) kwa mwaka 2018.

Ukuaji Endelevu

Tunarekebisha mikakati yetu ya biashara ili iendane na mabadiliko ya uchumi mkuu huku tukiwa tunatambua biashara yetu kuu na jukumu letu kwa wadau wote.

Programu zetu zinazoendelea za uboreshaji wa usimamizi wa gharama na uboreshaji wa ufanisi katika uzalishaji pia utaratibu wa usambazaji, zinatupatia matokeo ya chanya huku tukiendle kulinda thamani ya chapa ya simenti yetu kuhakikisha inabaki kuwa simenti yenye ubora wa hali ya juu kiutendaji.

Uwekezaji mkubwa wa mtaji kama ulivyofanywa ili kuongeza kiwango chetu cha uzalishaji, na kama ulivyo katika Mkataba wa kiutendaji uliosainiwa na Kituo cha Uwekezaji Tanzania (TIC), umeiwewezesha Tanga Cement kukidhi ongezeko linalotarajiwa la mahitaji ya simenti ya baadaye nchini Tanzania.

Makubaliano yetu na Shirika la Reli Tanzania (TRC) yanatuwezesha kupata mabehewa zaidi yaliyotengwa maalum kwaajili yetu ili kutuwezesha kusafirisha kupitia njia za usambazaji za kimkakati. Hii inatuwezesha kuwianisha gharama zinazotuwezesha kusafirisha kwa ufanisi na usambazaji kwa njia ya reli nchini Tanzania.

Mtazamo

Uongozi utadumisha utekelezaji wa mikakati ya kibiashara ya muda mrefu, uzalishaji na uvumbuzi kwenye ufanisi wa ugavi, utoaji wa bidhaa na suluhisho la usambazaji kwa wateja wetu na kuchangia katika miradi ya miundombinu ya kitaifa.

Tunatarajia kuendelea na uboreshaji wa mazingira ya biashara kwa ujumla kwa mwaka 2020/2021 tukiwa tumejiweka tayari kwaajili ya miradi ya mikakati ya sasa ya uongozi na fursa zilizopo, huku tukiwa tunatambua maendeleo ya uchumi mkuu kubaki katika ushindani wa bei ya mwelekeo mmoja.

Tuna matumaini ya matokeo chanya ya mipango ya maendeleo ya miundombinu chini ya mpango wa Dira ya Maendeleo ya Serikali ya mwaka 2025, na tunatarajia miradi hiyo itaendelea kushika kasi ndani ya mwaka 2020/2021.

Uongozi una imani kwamba hatua ambazo kampuni imezitekeleza pamoja na juhudi za Serikali ya Tanzania za kuleta utulivu wa uchumi kutokana na athari zilizoweza kutokea kutokana na janga la COVID-19, itahakikisha uendelevu wa muda mrefu wa uchumi na kampuni. Tumejitolea kushirikiana zaidi na Serikali katika kuhakikisha afya na usalama wa wadau wetu wote.

Reinhardt Swart
Mkurugenzi Mtendaji

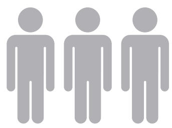
SIMBA CEMENT
STRENGTH WITHIN

Human Resources

At a Glance

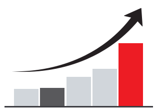
Vision:	A positive African future built by AfriSam, the first choice in construction materials.
Mission:	To create an inclusive & high performance culture where everyone understands their role and continuously builds a stronger AfriSam and a positive African future.

Values: We continue to embed our culture through our valued behaviours:



People
Acting with integrity and respect

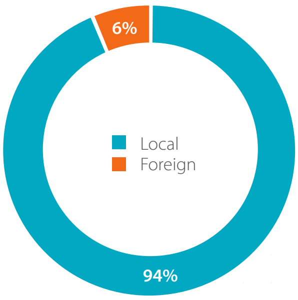
Planet
Responsible approach to the community and environment



Performance
To be the best in everything we do.

Living our values is also measured in the annual culture survey. The score for living the values increased by 9%, which means that our people understand what values and respective behaviours mean for achieving our goals.

Management

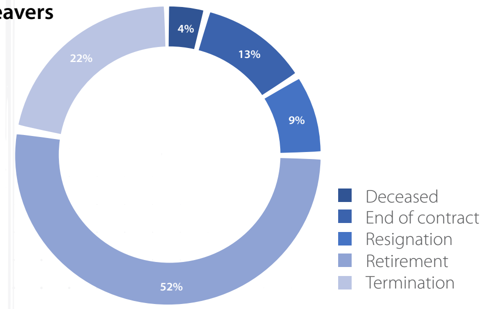


Staff head count was under control and within approved budget. Total headcount stood at ***319 (female – 32 and male 287)*** against approved headcount budget of ***336***. The plant is fully operated and managed by Tanzanians; the ***3 foreign nationals*** are at the Executive committee level.

The company has been able to retain its key staff and maintained the turnover rate of below

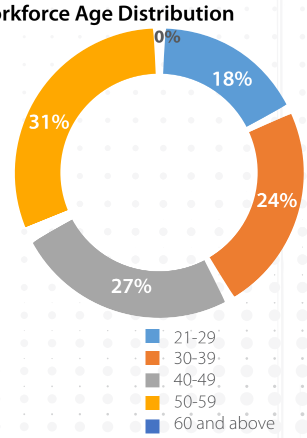
5%

Leavers



Different studies show that an age-mixed workforce among other benefits, maintains corporate experience; provides a healthy talent pipeline; supports longer term business strategies, thus adding value to business.

Workforce Age Distribution



Our Social Purpose

Code of Ethics and Conduct policy is reviewed annually by the board and available to all employees. It guides all employees' behaviours on ethical principles, core values and required standards of conduct.

Our Hiring Practice

Tanga Cement has a clear recruitment and selection policy which is based on equal employment opportunities. Jobs candidates are valued for their unique competencies, capabilities and the right attitude.

The company purpose and values is a key factor during recruitment. During job interview assessments, all candidates are expected to demonstrate how they can connect with Tanga Cement values; what these mean to them personally and how they will demonstrate these values. This is also an important factor in finding the right cultural fit for our company.

Vision, mission and values are a key part of our on-boarding process, where each new recruit is taken through them and inducted on its importance for our company.

SIMBA CEMENT
STRENGTH WITHIN

Human Resources

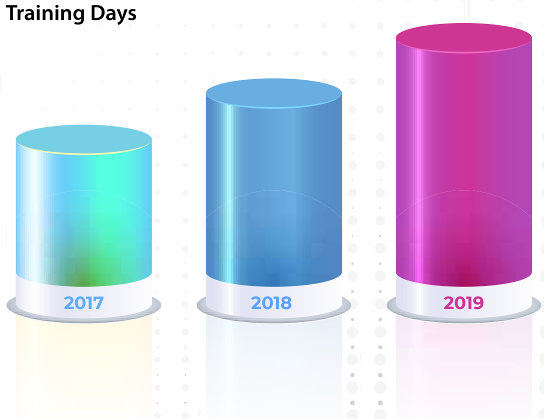
Developing our People

We continue to provide opportunity for career growth where our people can learn, develop and grow professionally. Our product is cement. Our greatest strength is people; we must therefore invest more in our people to realise their full potential, through this we contribute to the creation of human capital and realise our goal.

The total average formal training days per employee have been increasing over the last 3 years. Most of the training days was spent on technical skills, which accounted for 83% of total training days.

Year	Avg formal training days per employee
2017	3
2018	4
2019	5

Training Days



We also strongly believe that leaders are pivotal to our culture, capability and performance, and they are central to developing our employees. The company rolled out a leadership development program in partnership with the Gordon Institute of Business Science (University of Pretoria in South Africa).

We successfully held an in house sales capability programme facilitated by an experienced Tanzanian expert in the areas of sales techniques, mindset and sales tools. This programme was designed to enable, empower and develop our commercial team to a world-class winning culture.

Digital Transformation

Throughout the year, we promoted digital transformation by deploying an Employee Self Service Portal (ESS) and automation of human resources forms in an effort to improve employee experience and efficiency while contributing to stay environmental stability.

This transformation journey not only reduces physical paperwork, but gives our employees more ownership of their data through self-service.

Employees continue to adapt and embrace the technological advances.

Recognition and Rewards

The group Recognition Awards platform was introduced in 2016 to cultivate a culture of recognition that enables employees to acknowledge and recognise each other for excellence.

Through this platform, employees also receive automatically generated congratulatory messages on their birthdays and work anniversaries.

In 2019, focus was on improving employees' awareness and use of the platform, as a result the number of recognitions increased 7 fold from 2018.

SIMBA CEMENT
STRENGTH WITHIN

Human Resources

We drive continuous improvement and promote employees' contribution of ideas at every level.

Our cement packer operator was recognised for coming up with an innovative and cost effective idea on water saving that will benefit the company and the environmental sustainability.

Employee Relations

We strive to create a harmonious environment where everybody is treated fairly in similar situations, reasonably and according to processes, policies and procedures.

The employee relations climate has been stable.

Salary negotiations were successfully held in December 2019 and implemented in January 2020. The 2019 Salary negotiations were concluded in two days which is a testament to the mutually agreed best interest of all stakeholders.

The previous collective bargaining agreement negotiations took five days which also improved by one day from the previous negotiation in 2016. Management has however issued a notice of its intention to re-negotiate some provisions.

In 2019, disciplinary cases decreased by 35% from 2018.

Our Commitment to Wellness

We recognise that every employee has different mental, physical, social and financial needs and, we are committed to bringing out the best in employees by promoting positive wellbeing and healthy lifestyle choices.

The company embarked on a unique Employee Wellness Program (EWP) in 2019 which is beyond the normal offerings to our employees and their family members. The offerings in the program include health talks and counselling on medical issues; lifestyle improvement; stress; social matters; conflict management, depression and anxiety disorders; addiction to drugs and alcohol; self-inflicted injuries; grief counselling and disability management.

Employees have access to face to face counselling and telephone or group counselling for critical incident related stress.

The fully equipped company gym facility that was opened in 2018, with a complementary gym instructor, aimed at promoting overall employee wellbeing.

We continued encouraging employee participation in our annual inter-departmental football tournaments.

Engaging our People

We believe that great customer experience is driven by great employee experience.

90% of our people participated in our annual culture survey and we are pleased that the overall result has improved by 8%. This is an indication that we are moving in the right direction. Results were communicated to all employees.

The culture survey also indicated some areas that require more focus, and we commit to follow through on the agreed action plans.

Human Resources

In 2019, employees and their families joined to relax away from work while celebrating our cultural diversity in traditional clothes, food, music and dancing.

Various studies have shown that employees find more job satisfaction when provided with opportunities to make a positive impact on social issues.

In celebrating International Women's Day, female employees contribute to the society in various ways. In 2019, a group of female employees paid a visit to a government elderly home in Tanga.

The Company values the impact of employee communications. We have made a significant improvement by ensuring that all employees receive communications down to the level of short text messages on individual cell phones.

Talent and Career Management

Given the competitive market we face, it is important that we continually strengthen our talent management and career development for success. To succeed we need to attract and retain the best people, who value both our culture and support our business strategy.

The company continues to focus on investing in home grown talent and ensure that every employee is positive and delivers their best performance.

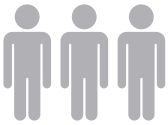
We value the importance of young talent and continue to develop and support them through field attachments, internships and apprentice programs from various academic and vocational institutions in Tanzania, and beyond.

Rasilimali Watu

Kwa kifupi

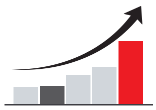
Dhamira:	Mwelekeo chanya wa Afrika unaojengwa na AfriSam, chaguo la kwanza kwenye ujenzi.
Dira:	Kuunda utamaduni jumuishi na utendaji bora ambapo kila mmoja anaelewa jukumu lake na anaendelea kujenga AfriSam imara zaidi na mwelekeo chanya wa Kiafrika.

Maadili: Tunaendelea kupalilia utamaduni wetu kupitia tabia zetu:



Watu
Tunatenda kwa uadilifu na heshima

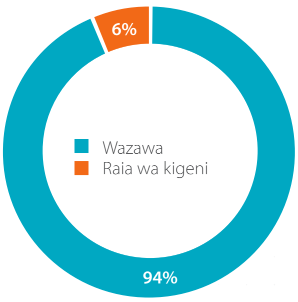
Sayari
Tunawajibika kwa jamii na mazingira



Utendaji
Tunakuwa bora katika kila tunachofanya

Kuyaishi maadili yetu pia hupimwa katika utafiti wa utamaduni unaofanyika kila mwaka. Alama ya kuyaishi maadili yetu iliongezeka kwa 9%, hii ina maana kuwa watu wetu wanaelewa namna ambavyo maadili na tabia zinachangia kufikia malengo yetu.

Uongozi

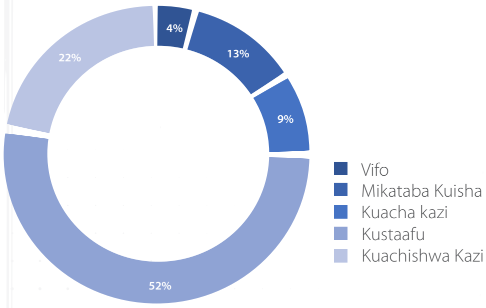


Idadi ya wafanyakazi ilikuwa nzuri, ikiwa chini ya idadi ya kwenye bajeti. Jumla ya wafanyakazi ilikuwa ***319 (wanawake - 32 na wanaume 287)*** ambapo bajeti iliyoidhinishwa ni 336. Kiwanda kinaendeshwa na kusimamiwa na wazawa. Raia wageni ni watatu (3) ambao wako kwenye ngazi ya uongozi wa juu.

Kampuni imefanikiwa kubakiza vipaji muhimu na kiwango cha kuacha kazi kimebaki kuwa ni asilimia 5

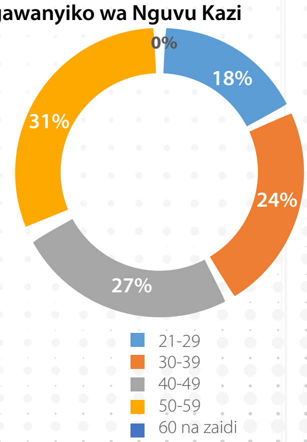
5%

Waliondoka 2019



Mgawanyiko wa Nguvu Kazi

Tafiti tofauti zinaonyesha kuwa nguvu kazi mchanganyiko ina faida nyingi, ikiwemo kudumisha uzoefu; kusaidia mikakati ya muda mrefu ya kibiashara, na hivyo kuongeza thamani kwenye biashara.



Kusudi Letu Kijamii

Sera ya Maadili hupitiwa na bodi ya wakurugenzi kila mwaka na inapatikana kwa wafanyakazi wote. Sera hii inatoa mwongozo wa tabia na kanuni kwa wafanyakazi wote pamoja na kiwango cha msingi kinachohitajika cha maadili.

Uajiri

Kampuni ya Saruji Tanga ina sera wazi ya uajiri na uteuzi yenye misingi ya fursa sawa kwa wote. Waombaji wa ajira wanatathminiwa kutokana na wa uwezo wao wa kipekee na mtazamo chanya.

Kusudi na maadili ya kampuni ni jambo muhimu sana wakati wa kuajiri. Wakati wa usaili, waombaji wanatarajiwa kuonyesha namna ambavyo wanaweza kuyaishi maadili ya kampuni yetu; maana ya maadili hayo kwenye maisha yao binafsi na kwa namna gani wanaweza kuonyesha maadili ya kampuni yetu.

Dhamira, dira na maadili ni sehemu muhimu kwenye mchakato wa kukaribishwa kwenye ajira, ambapo kila mwajiriwa mgeni huelekezwa maana na umuhimu wa mambo haya matatu kwenye kampuni ya Saruji Tanga.

SIMBA CEMENT
STRENGTH WITHIN

Rasilimali Watu

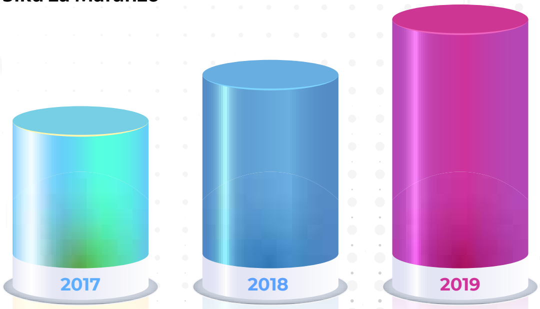
Kuendeleza Watu Wetu

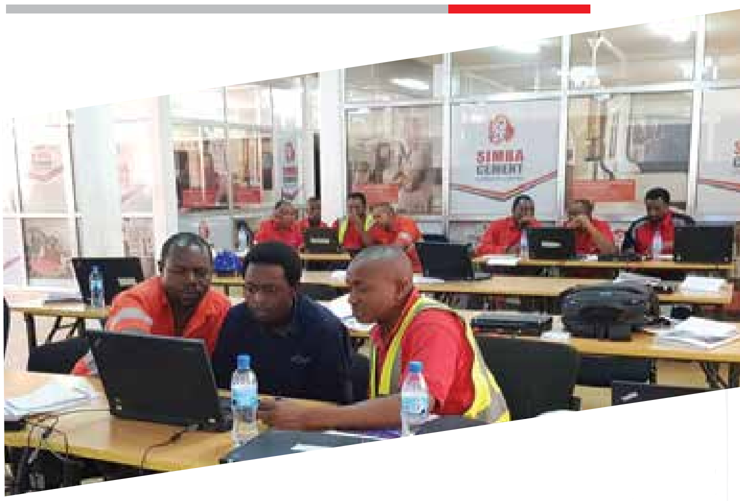
Tunaendelea kutoa fursa ya kukua kazini ambapo watu wetu wanaweza kujifunza, kuendelea na hatimaye kukua kitaaluma. Bidhaa yetu ni saruji. Nguvu yetu kubwa ni watu; hivyo ni lazima tuwekeze zaidi kwa watu wetu ili kupata uwezo wao kamili. Kupitia hili tunachangia kuunda mtaji watu na kukamilisha lengo letu.

Jumla ya siku za mafunzo na wastani wa siku za mafunzo rasmi kwa kila mfanyakazi vimekuwa vikikua kwa miaka 3. Muda mwingi wa mafunzo

Mwaka	Wastani wa mafunzo kwa kila mwajiriwa (siku)
2017	3
2018	4
2019	5

Siku za Mafunzo





hutumika kwenye mafunzo stadi (yaani technical skills), ambapo mwaka jana ilikuwa asilimia 83 ya mafunzo yote.

Tunaamini sana kuwa viongozi wa watu wetu ni muhimu kwa utamaduni wetu, uwezo wetu na utendaji wetu, na ni msingi wa kuendeleza wafanyakazi wetu. Kampuni ilizindua mpango wa kuendeleza uongozi kwa kushirikiana na Taasisi ya Sayansi ya Biashara ya Gordon ya Chuo Kikuu cha Pretoria nchini Afrika Kusini.

Pia tulifanikiwa kuendesha mpango wa kuboresha uwezo wa watu wetu wanaoshughulika na mauzo kwa msaada wa mwezeshaji mzawa mwenye uzoefu kwenye maeneo ya stadi ya uuzaji, mtazamo sahihi na zana za uuzaji. Mpango huu uliundwa ili kuwezesha na kuendeleza timu ya mauzo kufikia kiwango cha kimataifa na hatimaye utamaduni wa kushinda.

Mabadiliko ya Kidijitali

Kwa mwaka mzima, tulichochea mabadiliko ya kidijitali kwa kuanza na mfumo unaowezesha wafanyakazi kujipatia huduma mbalimbali (yaani Employees Self Service) na kujaza fomu mbali mbali kielektroniki ili kutoa huduma bora kwa watu wetu; kuboresha ufanisi na kutunza mazingira.

Safari hii ya mabadiliko haitapunguza tu utumiaji wa karatasi, lakini pia inawapatia wafanyakazi wetu umiliki wa taarifa zao.

Watu wetu wanaendelea kukubali na kuzoea maendeleo haya ya kiteknolojia.

Kutambua Utendaji

Mnamo mwaka 2016, jukwaa la kielektroniki la kutambua utendaji wa watu wetu lilianzishwa ili kupalilia utamaduni wa kutambua utendaji bora baina ya wafanyakazi wenyewe.

Kupitia jukwaa hili, wafanyakazi pia hupokea jumbe za pongezi za siku zao za kuzaliwa na muda waliofanya kazi kwenye kampuni hii.

Mwaka 2019, lengo lilikuwa ni kuongeza mwamko na utumiaji wa jukwaa hili, na matokeo yake ni idadi ya matumizi kuongezeka hadi mara 7 kulinganisha na mwaka 2018.

SIMBA CEMENT
STRENGTH WITHIN

Rasilimali Watu

Tunaendelea kusimamia dhana ya maboresho endelevu na hivyo kukuza umuhimu wa mchango wa maoni ya wafanyakazi kutoka ngazi zote.

Mwendesha mashine ya Upakiaji alitambuliwa kwa kutoa wazo la gharama nafuu na endelevu kuhusu kuokoa maji, wazo ambalo litainufaisha kampuni na mazingira.

Mahusiano Kazini

Tunajali kutengeneza mazingira ya uelewano ambapo kila mtu anatendewa sawa sawa kwenye hali moja, kwa haki na kulingana na michakato, sera na taratibu kazini.

Hali ya mahusiano kazini imekuwa tulivu.

Majadiliano ya ongezeko la mishahara yalifanyika kwa mafanikio mwezi Desemba 2019 na utekelezaji ukaanza Januari 2020. Majadiliano haya yamekuwa yakifanyika kwa siku mbili (2) kwa mwaka 2018 na 2019, haya ni mabadiliko chanya ukilinganisha na miaka ya nyuma.

Majadiliano yaliyopita ya mkataba wa hali bora yalichukua siku 5, haya ni maboresho ya kutoka siku sita (6) wakati wa majadiliano ya mwaka 2016. Hata hivyo, uongozi umewasilisha nia ya kurudi kwenye majadiliano ya vifungu kadhaa.

Mnamo mwaka wa 2019, kesi za kinidhamu zilipungua kwa asilimia 35 kutoka 2018.

Dhamana Yetu Kwenye Ustawi

Tunatambua kuwa kila mfanyakazi ana mahitaji tofauti - kiakili, kimwili, kijamii na kifedha hivyo tumedhamiria kuibua ubora wa wafanyakazi wetu kwa kukuza ustawi wao na chaguzi sahihi za namna ya kuishi.

Kampuni ilianzisha Programu ya Ustawi wa Wafanyakazi mwaka 2019 ambayo ni ya kipekee kwa wafanyakazi wetu na familia zao. Mpango huo unajumuisha mazungumzo ya afya na ushauri nasaha kwenye masuala ya kitabibu; uboreshaji wa mtindo wa maisha; msongo wa mawazo; masuala ya kijamii; migogoro; madawa ya kulevya na pombe; kujijeruhi; huzuni na ulemavu.

Wafanyakazi wanaweza kupata ushauri kwa njia ya wa uso kwa uso, simu au kikundi.

Kampuni pia ina sehemu ya kufanyia mazoezi yenye vifaa vya kutosha na mwalimu anayegharamiwa na kampuni, iliyofunguliwa mnamo mwaka 2018 kwa lengo la kutengeneza utamaduni wa kuangalia afya.

Tuliendelea kuhamasisha watu wetu kushiriki kwenye mashindano ya kiidara kila mwaka ya mpira wa miguu.

Ushiriki wa Watu Wetu

Tunaamini kuwa huduma nzuri kwa wateja inatokana na huduma nzuri kwa wafanyakazi.

Asilima 90 ya watu wetu walishiriki kwenye utafiti wetu wa kila mwaka kuhusu Utamaduni wa kampuni na tunafurahi kuwa matokeo ya jumla yameongezeka kwa asilimia 8. Hii inadhihirisha kuwa tuko kwenye mwelekeo sahihi. Matokeo yaliwasilishwa wa wafanyakazi wote.

Utafiti huu pia umeonyesha maeneo kadhaa yanayohitaji juhudi zaidi, na tumedhamiria kuyafanyia kazi.

Mwaka 2019, wafanyakazi walijumuika na familia zao kupumzika huku

Rasilimali Watu

wakisherehekea tofauti za tamaduni zetu kupitia mavazi, chakula, ngoma na muziki.

Tafiti mbali mbali zinaonyesha kuwa wafanyakazi huridhika wanapopewa fursa ya kuleta mabadiliko chanya kwenye masuala ya kijamii.

Katika kuadhimisha Siku ya Wanawake Duniani, wafanyakazi wanawake wamekuwa wakijihusisha na kugusa jamii kwa njia mbali mbali. Mwaka 2019, baadhi ya wafanyakazi wanawake walitembelea nyumba ya wazee ya serikali mkoani Tanga.

Kampuni inathamini sana umuhimu wa mawasiliano kwenye masuala yote yanayowahusu wafanyakazi. Tumefanya maboresho makubwa kwa kuhakikisha kuwa wafanyakazi wote wanapata mawasiliano hadi kwa kiwango cha ujumbe mfupi kwenye simu za mkononi.

Usimamizi wa Vipaji

Kwa kuzingatia ushindani unaotukabili wa soko, ni muhimu kuendelea kuimarisha usimamizi wa vipaji na maendeleo kazini ili kapata mafanikio. Ili kufanikiwa unahitaji watu bora – wanaothamini utamaduni wetu na mwelekeo wa biashara yetu.

Kampuni inaendelea kuzingatia uwekezaji kwenye vipaji vya ndani na kuhakikisha kuwa kila mtu yuko katika ubora wake na hatimaye kutoa matokeo chanya ya utendaji.

Tunathamini umuhimu wa vipaji vya vijana na tunaendelea kuwasaidia kupitia program za mafunzo kazini kwa kushirikiana na taasisi mbali mbali za kitaaluma na za ufundi nchini Tanzania, na nje pia.

Corporate Social Investment

Our CSI Policy is it to invest up to 1% of profit after tax to specific and pre-defined community projects.

As a responsible corporate citizen, Tanga Cement Public Limited has been taking its Corporate Social Investments (CSI) agenda to an outstanding level. In 2019 our Corporate Social Investment was not different from the previous years. The company proudly boasts with having the most transparent, well defined and aligned CSI Policy and Mission Statement in the country.

Our emphasis remains on direct support to the Tanzanian communities through NGOs, approved community projects, charities, local and regional authorities. Tanga Cement's CSI focuses on Health, Education, Community Development and the Environment. However, in the event of life threatening natural disasters, the Company has been at the forefront of support and assistance.

Our CSI Policy is it to invest up to 1% of profit after tax to specific and pre-defined community projects.

We are still committed to support the Tanzanian communities with whom we are involved either directly or indirectly.

We supported the following projects in 2019:

1. **Holili Village authority**
   Tanga Cement supported this community by donating thirty (30) tons of cement for renovating schools' infrastructure
2. **Friends of Serengeti**
   This is an NGO which deals with environmental conservation of the nature and wildlife in Tanzania. The Company donated twenty five (25) tons of cement for repairing and uplifting infrastructure in the parks.
3. **Tanga Region Police Force**
   In a move to support keeping Tanga a safer place to live and do business, Tanga Cement donated ten (10) tons of cement to the regional police authority to support the construction of a police camp in Mkomazi.
4. **South African High Commission**
   Tanga Cement in collaboration with the South African High Commission in Tanzania, donated one hundred (100) bags of cement to Mchikichini Primary School in Dar es Salaam during Mandela Day. The cement was used for renovations of classrooms and infrastructure at the school.
5. **Kibosho Girls' Secondary School**
   This is among the oldest and historically prestigious schools in Tanzania where a number of female leaders studied. The company donated ten (10) tons of cement for renovations and improving the school's buildings.
6. **Maweni Ward Authority**
   Being a close neighbour to our factory, the community had a challenge with the outbreak of Dengue fever. Accordingly, the company decided to support the ward authority by providing fumigation services.
7. **Kichangani Village Authority**
   Tanga Cement did maintenance to the village roads to make sure they are safe and passable during all seasons of the year. This is another community that is close to our factory operations.

*"Tanga Cement's CSI main areas of focus are **Health, Education, Community Development** and **the Environment.**"*

Uwekezaji wa Kijamii wa Kampuni

Sera yetu ya uwekezaji kijamii inaeleza kuwa unaweza kuwekeza hadi asilimia moja asilimia moja (1%) ya faida baada ya kodi katika miradi mbali mbali ya kijamii.

Kama raia mwenye dhamana ya uwajibikaji, Tanga Cement Public Limited imeweka agenda yake ya Uwekezaji wa kijamii katika kiwango cha juu na bora. Uwekezaji wetu kijamii kwa mwaka 2019, haukuwa tofauti na wa miaka iliyopita. Kampuni inajivunia kwa kuwa na Sera ya Uwekezaji kiamii iliyoelezwa vizuri na iliyo wazi na ili kuwasilisha ujumbe vizuri zaidi.

Msisitizo wetu unabaki kwenye kutoa misaada ya moja kwa moja kwa jamii za kiTanzania kupitia mashirika yasiyo ya kiserikali, miradi mbali mbali ya kijamii iliyoidhinishwa, taasisi zinazojihusisha na utoaji misaada, uongozi wa jamii na wa mikoa. Maeneo makuu ambayo Tanga Cement inayazingatia katika sera yake ya uwekezaji kijamii ni Afya, Elimu, Maendeleo ya Jamii na Mazingira. Lakini endapo kutakuwa na janga ambalo linatishia maisha ya wanadamu, mara zote kampuni imekuwa mstari wa mbele katika kutoa misaada.

Sera yetu ya uwekezaji kijamii inaeleza kuwa unaweza kuwekeza hadi asilimia moja (1%) ya faida baada ya kodi katika miradi mbali mbali ya kijamii ambayo maombi yake yanakuwa yametumwa na kufafanuliwa vizuri mapema.

Bado tumeazimia kutoa misaada kwa jamii za kiTanzania ambazo tunagusa maisha yao moja kwa moja au si moja kwa moja.

Ifuatayo ni orodha ya miradi ambayo tuliweza kuiunga mkono mwaka 2019

1. **Mamlaka ya Kijiji cha Holili** – Tanga Cement iliweza kuisaidia jamii hii kwa kuchangia tani thelathini (30) za simenti kwaajili ya ukarabati wa miundo mbinu ya shule.
2. **Friends of Serengeti**
   Hii ni taasisi isiyo ya kiserikali inayo jishugulisha na utunzaji wa mazingira ya asili na wanyama pori nchini Tanzania. Kampuni ilichangia tani ishirini na tano (25) kwaajili ya kufanyia marekebisha na matengenzo ya miundombinu mbali mbali ya mbuga hizo.
3. **Kikosi cha Polisi Tanga**
   Katika hali ya kusaidia ili kuiweka Tanga kuwa sehemu salama ya kuishi na kufanya biashara, Tanga Cement ilichangia tani kumi (10) za simenti kwaajili ya ujenzi wa kambi ya mazoezi ya askari iliyoko eneo la Mkomazi.
4. **Ubalozi wa Afrika Kusini**
   Tanga Cement kwa kushirikiana na ubalozi wa Afrika Kusini nchini Tanzania, ilichangia mifuko mia moja (100) ya simenti katika kuadhimisha siku ya Mandela. Simenti hiyo ilitolewa kwaajili ya kufanyia ukarabati wa vyumba vya madarasa na miundo mbinu mingine ya shule hiyo.
5. **Kibosho Girls' Secondary School**
   Shule hii ni kati ya shule kongwe sana nchini Tanzania, ni shule ambayo idadi kubwa ya viongozi wanawake walisoma katika shule hii. Kampuni ilichangia tani kumi (10) za simenti kwaajili ya uboreshaji wa majengo ya shule hii.
6. **Uongozi wa Kata ya Maweni**
   Kama jirani wa karibu sana na kiwanda chetu, jamii hii ilikuwa na changamoto wakati wa mlipuko wa homa ya dengue. Kwasababu hii, Kampuni iliamua kuisaidia kwa kutoa huduma ya upulizaji dawa za kuuwa wadudu ikiwemo mbu wanasababisha homa ya dengue.
7. **Uongozi wa Kijiji cha Kichangani**
   Tanga Cement ilifanya matengenezo ya barabara za kijiji hiki ili kuzifanya ziweze kupitika katika kipindi chote cha mwaka. Hii pia ni jamii nyingine ambayo iko jirani sana na eneo letu la uzalishaji.

*"Maeneo makuu ambayo Tanga Cement inayazingatia katika sera yake ya uwekezaji kijamii ni **Afya, Elimu, Maendeleo ya Jamii** na **Mazingira.**"*

SIMBA CEMENT
STRENGTH WITHIN

Safety and Environment

Environment

Our Company maintained our outstanding environmental management performance through diligent implementation of well recognised systems and programmes, aimed at fulfilling our corporate social responsibility of ensuring environmentally friendly and sustainable long-term operations. Employees and all other stakeholders such a contractors jointly contributed to this.

We continued to conduct our operations in accordance with the requirements of ISO 14001:2015 as a key success factor in assuring protection and management of the environment. The ISO 14001:2015 Surveillance Audit conducted in March 2019 by SGS Tanzania yielded positive findings and recommended our continued certification. Furthermore, our proactive integrated environmental management programme ensured that we managed our environmental footprint responsibly and no significant environmental findings were reported for 2019.

In 2019 Tanga Cement planted 15 000 Teak trees in various areas across our operations, as part of our progressive rehabilitation programme. These young Teaks trees were cultivated from the nursery established on site from more than 20,000 seedlings. Some of these were donated to various institutions to promote environmental conservation in line with our CSI Policy.

Safety

We continued our exceptional safety performance in 2019. Despite of recording one Lost Time Injury (LTI) incident in September 2019, the Company achieved a record of 5,278,143 LTI free hours for 42months consecutively.

Similarly, the Company recorded 547,444 hours without LTI as at the end of the year only impacted by one LTI. The 12-month rolling Total Recordable Injury Frequency Rate (TRIFR) was 1.20 against a maximum allowed group standard of 3.40.

ISO 14001:2015 Certificate

Annual Fire Safety Compliance Certificate

Annual OSHA Compliance Certificate

Trees on Tanga Cement's factory area

SIMBA CEMENT
STRENGTH WITHIN

Safety and Environment

The annual NOSA Safety Audit was conducted in Dec 2019. The Company successfully managed to maintain its NOSA 5 stars audit rating. The annual OSHA and Fire Safety Regulatory Plant Inspections were successfully conducted during the year and the company was issued with OSHA and Fire Safety Compliance Certificates.

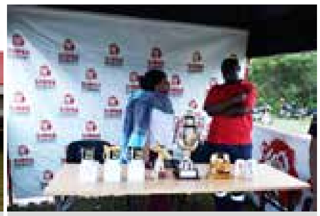
The Company continued enhancing safety compliance awareness in the workplace by having a Safety Week event in October 2019, this involved all employees and contractors using the theme, "YOUR SAFETY THE SAFETY OF YOUR FAMILY", as a motivation towards our ZERO HARM culture. Various activities were conducted, including in-class Safety, Health and Environment (SHE) training sessions facilitated by our own SHE team, football matches and interdepartmental safety quiz competitions to enhance team spirit and safety awareness. The overall creativity around the entire event was well received with great enthusiasm by all staff and contractors.

In previous years the company experienced repetitive 3rd party truck accidents in the Packing Plant. The company took the initiative of employing three traffic marshals who are working under the relevant contractor. Since then we have noted a significant reduction in the number of accidents compared to previous years. The traffic marshals are working in shifts and are coordinating with the SHE inspectors to accomplish their traffic safety management mandate.

TCPLC SHE Manager giving safety brief before football match kick off

SHE Inspectors judging the safety and health quiz competition during the safety week event

Maintenance Team attentively during safety and health quiz competition



TCPLC Management discussing something before issuing prizes during safety week final.

"We recorded record breaking Lost Time Injuries (LTI) hours throughout the year"

SIMBA CEMENT
STRENGTH WITHIN

Usalama na Mazingira

Mazingira

Kampuni yetu iliendelea na utendaji wa kutukuka katika upande wa usimamizi wa mazingira kupitia utekelezaji sahihi wa mfumo na programu muhimu zinazotambulika vizuri,ikiwa na lengo la kuwajibika kama kampuni la kuhakikisha utendaji endelevu wa muda mrefu usiokua na uchafuzi wa mazingira.Wafanyakazi na wadau wote kama vile wakandarasi wana mchango mkubwa katika hili.

Tumeendelea na shughuri zetu za uzalishaji kulingana na mahitaji ya ISO 14001:2015 ikiwa ni zana muhimu katika kuhakikisha tunalinda na kusimamia mazingira.Ukaguzi wa kina wa ISO 14001:2015 uliofanywa mwezi machi 2019 na kampuni ya SGS Tanzania ulikuwa wa mafanikio na kampuni ilipendekezwa kuendelea na cheti cha uhifadhi wa mazingira.Kwa kuongezea, programu yetu jumuishi ya usimamizi wa mazingira ilihakikisha kwamba tuliweza kusimamia mazingira yetu kwa umakini na hivyo kutuwezesha kutokua na na tukio lolote la uharibifu wa mazingira lililo ripotiwa kwa mwaka 2019.

Mwaka 2019 Tanga cement ilipanda miti ya mitiki 15 000 katika maeneo tofauti ndani ya kampuni, kama sehemu ya programu inayoendelea ya kurudishia mazingira katika uhalisia wake .Miti hii inatoka kwenye vitalu vya miche vilivyoanzishwa ndani ya eneo letu la kiwanda ambavyo vina miche Zaidi ya 20,000.Baadhi ya miche hii iligawiwa kama msaada kwenda kwenye taasisi mbalimbali kwa ajili ya kukuza utamaduni wa utunzaji mazingira ikiwa ni sanjari na sera yet ya kusaidia jamii (CSI).

Usalama

Tuliendelea na utendaji wetu mzuri wa kipekee kwenye masuala ya usalama kwa mwaka 2019.Licha ya tukio la kiusalama lililotokea tarehe 1 Septemba 2019,kampuni imeendelea kuweka rekodi ya kufanya kazi kwa miezi 42 bila ya kuwa na ajali tukiwa na masaa 5,278,143 bila ya kua na ajali ya kufanya muda wa kazi upotee.

Vile vile, kampuni ilirekodi masaa 547,444 bila ya kuwa na ajali iliyofanya muda wa kazi upotee .Kipimo cha ajali ndani ya miezi 12 kilikuwa ni 1.20 ambacho ni bora zaidi ukilinganisha na lengo ambalo ni 3.40.

Cheti cha ISO 14001:2015

Cheti na Mwaka cha Usalama katika masuala ya Moto

Annual OSHA Compliance Certificate

Miti katika eneo la Kiwanda cha Tanga Cement

SIMBA CEMENT
STRENGTH WITHIN

Usalama na Mazingira

Ukaguzi wa Usalama ulifanywa na NOSA Disemba 2019.Kampuni iliendelea kudumisha kiwango chake cha nyota tano.Ukaguzi wa Usalama uliofanywa na OSHA na ule wa Jeshi la Uokozi na Zimamoto ulikuwa wa mafanikio makubwa na Kampuni ilipatiwa vyeti.

Kampuni iliendelea kuimarisha usalama mahala pa kazi kupitia wiki ya usalama iliyowahusisha wafanyakazi na wakandarasi Octoba 2019, mada kuu ikiwa " USALAMA WAKO NI USALAMA WA FAMILIA YAKO", kama kichocheo katika lengo letu la KUTOKUWA NA AJALI. Shughuli mbalimbali zilifanyika, zikiwemo mafunzo ya usalama afya na mazangira ,mashindano ya idara ya mpira wa miguu na programu ya shindano la maswali na majibu yenye lengo la kuongeza ari ya kufanya kazi kitimu na ufahamu juu ya masuala ya usalama.Ubunifu huu wa tukio zima ulipokelewe vizuri sana huku kukiwa na shauku kubwa sana kwa wafanyakazi wote pamoja na wakandarasi.

Katika miaka iliyopita kulitokea ajali za kujirudia zilizohusisha malori ya wateja katika eneo la upakiaji wa simenti. Kampuni ilichukua hatua ya kuajiri waongozaji magari katika sehemu ya upakiaji wakiwa chini ya mkandarasi wa upakiaji simenti.Tangu hapo ajali zimepungua sana ukilinganisha na kipindi cha nyuma. Wafanyakazi hawa wanafanya kazi kwa kushirikiana na wakaguzi wa ndani wa usalama afya na mazingira mahala pa kazi katika utekelezaji wa majukumu yao.

Meneja wa Usalama Afya na Mazingira wa Tanga Cement akitoa maelezo mafupi kuhusu usalama kabla kuanza kwa soka.

Wakaguzi wa Usalama, Afya na Mazingira wakitoa maamuzi ya shindano la chemsha bongo ya usalama na afya wakati wa tukio la wiki ya usalama

Timu ya marekebisho ikisikiliza kwa makini wakati wa shindano la chemsha bongo ya usalama na afya

Uongozi wa Tanga Cement ukijadiliana vitu fulani kabla ya kugawa zawadi katika mwisho wa mashindano ya wiki ya usamala

> *We recorded record breaking Lost Time Injuries (LTI) hours throughout the year*

SIMBA CEMENT
STRENGTH WITHIN

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

Our cement products are used in constructions of houses, schools, roads, bridges, dams, and other essential facilities for local communities. From 2019 to date, our 42.5N product is being used in construction of four tunnels of Standard Gauge Railway (SGR) project.

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

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

PRODUCTS
Simba cement 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

We manufacture 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 specially designed for applications where high strength is a requirement, and can be used to constructions such as:

- Structures, structural and nonstructural cast constructions
- Reinforced concrete for: foundations, columns, beams, slabs, girdles, bearing walls etc.
- Precast elements made of normal and reinforced concrete-Concrete used for repairs in civil and industrial works, fillings, coating etc of reinforced and non-reinforced elements
- Special floor screeds and mortars
- Mining operations
- Shotcrete – Sprayed concrete (e.g Tunnels lining)

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 cement. It is an ordinary strength & an all purpose class cement and can be used to constructions such as:

- Structural and non-structural cast, foundations, columns, beams, walls, girdles, paving slabs, kerbs, interlocking pavement slabs, bricks etc.
- Elements made of normal and reinforced concrete in environments with low and moderate aggressiveness
- Elements made of reinforced concrete, in environments with low carbon aggressiveness and sulphate activity
- 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 years
- 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

Kwa miaka mingi sana, bidhaa za Simba Simenti zimekuwa zikitoa mchango mahsusi kwenye maendeleo ya miundo mbinu katika nchi za Afrika Mashariki na kwingineko.

Simenti chapa Simba inatumika katika ujenzi wa nyumba, shule, barabara, madaraja, mabwawa na miundo mbinu mingine muhimu kwaajili ya jamii. Kuanzia mwaka 2019 mpaka leo, simenti yetu ya daraja 42.5N (Simba Bora) inatumika katika ujenzi wa njia za ndani kwa ndani (zinazopenya kwenye milima) za reli ya mradi wa reli ya kiwango cha kisasa Standard Gauge Railway (SGR) project.

Bidhaa za Simenti chapa Simba zinazalishwa kupitia mchakato ambao umebuniwa kwa uangalifu na kudhibitiwa na timu ya wataalam wetu wanaojitolea. Utenfdaji wa simenti zetu unasimamiwa na kuangaliwa mara kwa mara ili kuendelea kudumisha viwango vya juu kabisa vya ubora usio tetereka, nguvu na uimara.

Hii inafanikiwa kutokana na kupita mara kwa mara na kuboresha michakato yetu ya uzalishaji ili kuhakikisha ufanisi mzuri, athari za chini kabisa au kutokuwepo kabisa kwenye ubora wa bidhaa zetu pamoja na mazingira.

BIDHAA

Bidhaa za siment chapa Simba zinazalishwa Tanzania kufuatana na viwango vya TZS 721-1 ambavyo ni sawa na viwango vya European Norm Standard EN 197-1 na vya Afrika Mashariki vya EAS 18-1.

Tunazalisha bidhaa za Simenti ambazo zimebuniwa kipekee kwaajili ya matumizi tofauti tofauti, bidhaa hizi ni:

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

CEM II/A-L, 42.5 N hii ni simenti inayozalishwa kwa kutumia mawe ya chokaa yaani limestone. Ni simenti ya daraja la juu zaidi iliyotengenezwa maalum kwa matumizi yanayohitaji simenti ya kiwango cha juu, na inaweza kutumika katika ujenzi kama vile:

- 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;
- Shughuli za uchimbaji madini
- Shotcrete – Zege lililotawanywa (kama vile kuweka safu kwenye njia za ndani za reli)

Sifa na Faida

- Simenti hii ya matumizi mbalibali hupunguza gharama kwasababu ya utendaji wake, nguvu na pia hudumu.
- Huokoa muda wako kwasababu ya uwezo wake mkubwa na nguvu.
- Nguvu ya Siment hii ni sahihi kwa matumizi mengi ya kataalam.

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

CEM II/B-M, 32.5 R ni simenti ya Portland composite. Ni ya kiwango cha nguvu ya kawaida na ni simenti kwaajili ya matumizi yote na inaweza kutumika kwa ujenzi aina mbali mbali kama vile:

- Miundo na majengo yasiyo ya kimiundo, misingi, nguzo, mihimili, kuta, mikanda, vibamba vya matofali ya vijia, matofali ya vibamba, kingo za barabara, matofali makubwa n.k;
- Vipengele vilivyotengenezwa kawaida na vilivyoimarishwa katika mazingira yanayohitaji simenti yenye nguvu ndogo au nguvu ya wastani;
- Vipengele vilivyotengenezwa kwa zege iliyoimarishwa katika mazingira yenye kiwango kidogo cha kaboni nyingi na kuliko na shughuli zinazohusisha sulfati;
- Vihifadhio kama vile mabwawa ya kuhifadhia maji
- Mota kwaajili ya kujazia viungo kati ya elementi/vipengele vilivyoundwa
- Mota kwaajili ya utengenezaji wa sakafu maalum n.k.

Sifa na Faida

- Simenti hii hutoa uhakika wa utendaji wa hali ya juu ikiwa na viungo bora vya madini vyenye asili ya simenti.
- Huruhusu upitaji kwa wepesi, usio na kasoro katika umaliziaji wa zege, uashi na kazi za lipu.
- Hudumisha nguvu na uthabiti kwa miaka mingi.
- Hutengeneza umadhubuti na hufaa kwenye hali isiyo ya utulivu
- Ni sahihi kwa kupunguza joto na kuzuia kupotea kwa unyevunyevu katika zege kubwa
- Huboresha uwezo wa zege katika kupambana na upotevu unaosababishwa na kemikali.
- Hulifanya zege liwe na uwezo wa hali ya juu wa kudhibiti athari za ujumla la alkali na hufaa kwaajili ya kupunguza upenyezaji wa maji kwenye zege la miundo inayotakiwa kuhifadhi maji.
- Hutoa utendaji wa hali ya juu ambao hurahisisha kuifanyia kazi.
- Huleta matokeo mazuri mfululizo au yasiyo tetereka

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

CEM II/B-M, 32.5N ni simenti aina ya 'Portland Composite' maalum kwaajili ya matumizi ya uimarishaji barabara. Imetengenezwa maalum ili kuboresha udongo kimazingira na ki uhandisi.

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

Huipa nguvu na uthabiti misingi midogo midogo ya barabara, na kuifanya iwe inayofaa zaidi katika ujenzi wa barabara.

Sifa na Faida

- Huboresha hali ya kihandisi ya udongo kwa kupunguza hali ya u-plastiki na huimarisha nguvu ya malighafi za misingi ya barabara;
- Huhakikisha uimara, kudumu na kuwa na nguvu;
- Ni thabiti ikilinganishwa na malighafi nyingine nyingi za ujenzi wa barabara.
- Ukaukaji wake unaochukua muda huifanya iwe inayofaa kwa uimarishaji wa barabara kwa vile inaruhusu muda muafaka wa kuweka na kushindilia malighafi.

SIMBA CEMENT
STRENGTH WITHIN

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

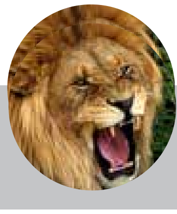
- Management will provide employees with adequate resources in order to achieve the stated objectives.
- Compliance with the requirements of the ISO 9001 quality management system standard and the product requirements of the TZS727:2002 and EAS 18-1:2001.
- Identify customer requirements, plan their 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

Together we contribute to the growth and development of our SMEs, thus continosly contributing to the country's agenda.

SIMBA CEMENT

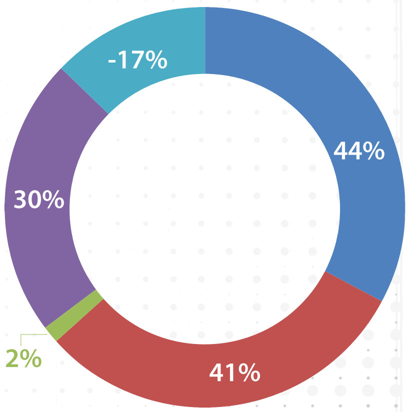


Value Added Statement
FOR THE YEAR ENDED 31 DECEMBER 2019

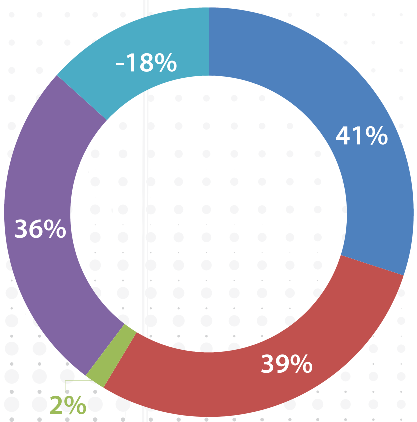
	2018 TZS'000	%	2019 TZS'000	%
Sales	214,922,899		220,882,297	
Bought in materials and services	(150,785,647)		(153,809,040)	
Income from other investments & financial income	552,994		780,667	
Value added	**64,690,246**		**67,853,924**	
Distribution of value added	**64,690,246**		**67,853,924**	
Employeees, management and directors	**28,464,285**	**44.0%**	**27,981,724**	**41.2%**
To providers of capital	**26,432,917**	**40.9%**	**26,246,813**	**38.7%**
- Financial expenses	26,432,917		26,246,813	
- Dividends	-		-	
To pay the government	**1,558,478**	**2.4%**	**1,165,752**	**1.7%**
To provide for maintenance and expansion of assets	19,504,923	**30.2%**	**24,334,730**	**35.9%**
- Depreciation	**19,504,923**		24,334,730	
To expand of the Group	(11,270,357)	**-17.4%**	**(11,875,095)**	**-17.5%**
- Retained profits/ (Loss)	(11,270,357)	100.0%	(11,875,095)	100.0%

	Dec-18	Dec-19
Employeees, management and directors	44%	41%
To providers of capital	41%	39%
To pay the government	2%	2%
To provide for maintenance and expansion of assets	30%	36%
To expand of the Group	-17%	-18%

Dec 18



Dec 19



SIMBA CEMENT
STRENGTH WITHIN

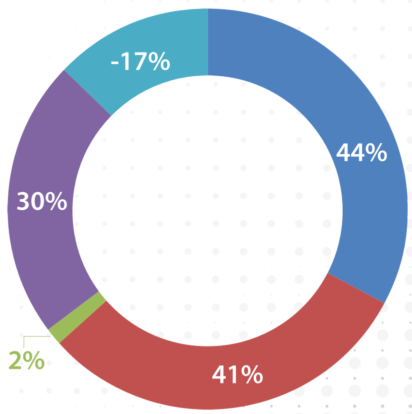
Waraka wa Ongezeko la Thamani

KAMA ILIVYOKUWA 31 DESEMBER 2019

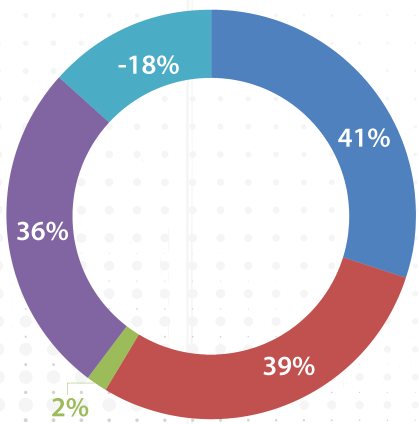
	2018 TSH'000	%	2019 TSH'000	%
Mauzo	214,922,899		220,882,297	
Bidhaa na huduma zilizonunuliwa	(150,785,647)		(153,809,040)	
Mapato mengineyo	552,994		780,667	
Ongezeko la thamani	**64,690,246**		**67,853,924**	
Mgawanyo wa ongezeko la thamani	**64,690,246**		**67,853,924**	
Wafanyakazi, menejimenti na wakurugenzi	**28,464,285**	**44.0%**	**27,981,724**	**41.2%**
Kwa watoaji wa mtaji na mikopo	**26,432,917**	**40.9%**	**26,246,813**	**38.7%**
- Gharama za fedha	26,432,917		26,246,813	
- Gawio	**-**		-	
Kwa serikali	**1,558,478**	**2.4%**	**1,165,752**	**1.7%**
Kwa ugharimiaji uongezaji wa rasilimali	19,504,923	**30.2%**	**24,334,730**	**35.9%**
- Uchakavu	**19,504,923**		24,334,730	
Kwa upanuaji wa kampuni na kundi	(11,270,357)	**-17.4%**	**(11,875,095)**	**-17.5%**
- Hasara iliyobakishwa	(11,270,357)	100.0%	(11,875,095)	100.0%

	Dis-18	Dis-19
Wafanyakazi, Wasimamizi na Wakurugenzi	44%	41%
Kwa watoaji wa mtaji na mikopo	41%	39%
Kwa serikali	2%	2%
Kwa ugharimiaji uongezaji wa rasilimali	30%	36%
Kwa upanuaji wa kundi	-17%	-18%

Dis 18



Dis 19



SIMBA CEMENT
STRENGTH WITHIN

SIMBA CEMENT
STRENGTH WITHIN

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: +255 746 293 330
Fax: +255 2646148/425
Website: www.simbacement.co.tz
Email: info@simbacement.co.tz

Dar es Salaam Office
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
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 road
P O Box 2475
Dar es Salaam, Tanzania

LEGAL ADVISORS

Rex Attorneys at Law
Rex House,
Plot 344 Ghuba Road/Toure Drive
P.O. Box 7495
Dar es Salaam, Tanzania

TAX ADVISORS

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

BANKERS AND FINANCIAL INSTITUTIONS

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

CRDB Bank Plc
P O Box 1180
Tanga, Tanzania

NMB Bank PLC
P O Box 9213
Dar Es Salaam, 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

SIMBA CEMENT
STRENGTH WITHIN

Directors' Report
for the year ended 31 December 2019

The directors present their report and the audited consolidated and separate financial statements for the financial year ended 31 December 2019 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	49	Tanzanian	17 May 2013
Mr R. Swart**	Managing Director	46	South African	11 July 2013
Mr P. De Jager**	Director (Chief Financial Officer)	48	South African	13 May 2016
Mr P. Rutabanzibwa*	Director (Deputy Chairperson)	63	Tanzanian	22 May 2015
Mr R. Wessels#	Director (Appointed 20 March 2017)	45	South African	20 March 2017
Mr K. Omar*	Director	54	Tanzanian	17 May 2013
Mr L. Serfontein#	Director (Alternate director to all the other directors)	45	South African	1 November 2013
Mr T. Wagner*	Director	72	South African	17 May 2013
Mr R. Mbilinyi*	Director	55	Tanzanian	4 March 2013

[# Non-executive *Independent Non-executive ** Executive]

The Company Secretary during the year ended 31 December 2019 was Mr Q. Ganijee (Tanzanian), 37 years old.

The Board of Directors met four times during the year.

SIMBA CEMENT
STRENGTH WITHIN

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 nine 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 37 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 the managerial staff, especially senior management, is linked to the financial performance of their respective business units and of the Group as a whole.

Risk management and internal control

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

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

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

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

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

Ethical behaviour

The Group's Code of Conduct governs its activities, internal relations and interactions with stakeholders in accordance with its ethical values. 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 designed to mitigate this risk are in place.

SIMBA CEMENT
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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 the 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 the Company are presented in Note 40 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 from 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 Companies Act, 2002 of Tanzania.

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	B. Com, 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 (2018: 63,671,045 Ordinary shares of TZS 20 each).

Issued up and fully paid

63,671,045 Ordinary shares of TZS 20 each (2018: 63,671,045 Ordinary shares of TZS 20 each).

Details of the capital structure are disclosed under Note 28 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;
- Human Resources and Administration; and,
- Logistics

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)	46
Mr P. De Jager	Chief Financial Officer	B. Com (Accounting), B. Compt (Hons), MBA	48
Mr B. Lema	Country Executive	Bsc. (Mechanical Engineering)	60
Mr G. Kamando	Plant Manager	Bsc. (Chemical & Process Engineering)	50
Mr P. Brits	Head of Commercial	B. Com (Fin Management), MBA	51
Mrs D. Malambugi	Head of Human Resources	B. Mass-Com, MHRM, CIPD	50
Mr I. Lupokela	Head of Finance	B. Com (Accounting), ACPA-PP, ACCA	34
Mr P. Fanuel	National Logistic Manager	BBA (Sales & Marketing), MBA	42

11. DIRECTORS' REMUNERATION

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

	2019 (TZS)	2018 (TZS)
Chairperson of the Board	32,644,000	30,323,000
Other directors	88,437,000	115,694,000

Executive directors' remuneration for the Group and the Company was TZS 2,477 million (2018: TZS 2,084 million).

12. SHAREHOLDERS OF THE COMPANY

The top ten shareholders at 31 December 2019 were:

Shareholder	2019	2018
1) AfriSam (Mauritius) Investment Holdings Limited	68.3%	68.3%
2) Public Service Social Security Fund	4.39%	3.8%
3) SCBT Nominees SCB consumer Banking Re Kimberlite Fontier Master Africa Fund RCKM	4.35%	2.4%
4) National Social Security Fund	1.8%	1.8%
5) The registered Trustee of the TCCL Employees Share Trust	1.1%	1.1%
6) BNYM SA NV AS Custodian or Trustee	0.5%	0.5%
7) SCBT Nominee Re SSB TAC Conrad N Hilton Foundation	0.5%	0.5%
8) Emilian Pascal Busara	0.44%	0.44%
9) Puma Energy Tanzania Provident Fund	0.32%	0.32%
10) Government Employee Provident Fund	0.0%	0.3%
11) Sujjadhusain Kassamali Tajri and /or Mrs Kulsumbai	0.18%	0.18%

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Directors' Report *(Continued)*

Member summary as at 31 December:

	2019		2018	
	Number of Members	**Number of shares**	**Number of Members**	**Number of Shares**
1 - 1,000	9,073	2,973,062	9,092	2,980,846
1,001 - 5,000	1,253	3,441,3	1,254	3,451,517
5,001 - 10,000	354	2,174,053	363	2,220,748
10,000 plus	133	11,578,524	130	11,513,531
AfriSam (Mauritius) Investment Ltd	1	43,504,403	1	43,504,403
Total	**10,814**	**63,671,045**	**10,840**	**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 2019 was TZS 38.20 billion (2018: TZS 40.75 billion). Total turnover of the Company's shares traded on the DSE for the year ended 31 December 2019 was TZS 43 million (2018: TZS 406 million). The average traded price of the Company's shares for the year was TZS 640 per share (2018: TZS 920) and the share price as at 31 December 2019 was TZS 600 per share (2018: 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 construction industry. The average annual headline inflation rate decreased to 3.4% in 2019 from 3.5% in 2018 as a result of Governments' fiscal and monetary policies.

Economic performance remained stable with GDP growth of 6.8% for the 2019 year comparing to 7.1% recorded in 2018. Robust infrastructure investment and a strengthening consumer base remained major drivers of the business performance witnessed in the first six months supported by lower inflation levels, being in line with Government's medium term monetary policy target of 5% and within the East African Community (EAC) and Southern African Development Community (SADC) convergence criteria of not more than 8% and 3% to 7%, respectively.

The Group remains 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 2020. The Group is confident with the initiatives that the Government has taken to combat the spread of COVD-19 and commits to work together with the Government in growing the economy.

The Group 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

Market headwinds, particularly the competitive environment in the cement sector, during the year under review negatively impacted the Group's financial results. The Group's sales revenue increased by 3%, to TZS 221 billion from TZS 215 billion in 2018.

The gross margin decreased by 5% mainly due to additional depreciation on the right-of-use of our quarry fleet lease asset resulting from adoption of IFRS 16 Leases ("IFRS 16") in 2019.

The Operating profit decreased by 16% mainly as a result of the decrease in gross profit, additional depreciation expense of TZS 5 billion, relating to the right-of-use assets recognised following the adoption of IFRS 16, which increased the 2019 depreciation charge by 27% compared to the prior year. Other factors were increase in expected credit losses by 225% from TZS 305 million recognised in 2018 to TZS 990 million recognised in 2019 as a result of the increase in the aged trade receivables with higher probability of default. The Group also invested in once-off selling expenses, which contributed to the increase in selling expenses by 19% compared to the prior year, to expand and improve the sales, logistics and distribution offering to customers in the long term. The directors and management are positive that this will yield the desired returns in the short to medium term.

Directors' Report *(Continued)*

EBITDA improved by 8% to TZS 37 billion from TZS 34 billion in 2018 driven by the increase in revenue and operational efficiencies.

The Group incurred a loss before tax of TZS 14 billion in 2019 compared to the loss before tax of TZS 12 billion in 2018. The increase in the loss before tax was mainly due to the decrease in operating profit and, increase in foreign exchange and fair value losses which are mainly related to the USD denominated Tanga Kiln 2 loan and the interest expense on lease liabilities recognised following the adoption of IFRS 16 in 2019.

The Group recorded a net loss after tax of TZS 12 billion in 2019 compared to TZS 11 billion in 2018.

Cash generated from trading activities improved by 4% from TZS 41 billion recorded in 2018 to TZS 43 billion in 2019. Net cash flows from operations increased by 1% from TZS 40 billion recorded in 2018 to TZS 41 billion in 2019. The net cash flows from operations, and the EBITDA performance, are testament that the Group's operational business fundamentals and outlook continue to be positive.

The Group continues to be committed to its sales and cost optimisation initiatives as it continually seeks to enhance value for its stakeholders. The Group remains positive about 2020 despite the very competitive landscape and the impact of COVID-19. Government initiatives to spur economic growth through infrastructure development and promotion of local industries will boost local cement output and consumption while reducing the influx of cheap cement imports.

Capital structure

The balance between equity and debt was as follows:

	Group		Company	
	2019 TZS' 000'	**2018 TZS' 000'**	**2019 TZS' 000'**	**2018 TZS' 000'**
Equity				
Issued capital	1,273,421	1,273,421	1,273,421	1,273,421
Retained earnings	137,258,603	149,111,151	135,738,536	150,151,239
	138,532,024	**150,384,572**	**137,011,957**	**151,424,660**
Debt				
Lease liabilities	11,930,804	-	11,829,418	-
Interest bearing loans – Non-current portion	152,698,967	188,698,008	152,698,967	188,698,008
Interest bearing loans - Current portion	39,916,316	35,153,065	39,916,316	35,153,065
Bank overdrafts	28,166,677	16,671,526	28,166,677	16,671,526
	232,712,764	**240,522,599**	**232,611,378**	**240,522,599**

Further details on the Group's capital management are included in Note 39 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 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 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 positive results while retaining brand equity of superior quality

Directors' Report *(Continued)*

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 this report are:

- Interest bearing term loans – to finance the second integrated production line (Kiln 2)
- Bank overdrafts – to finance working capital requirements
- Lease financing – to finance the assets held under lease arrangements

The effect of financing costs on the results for the year was a net charge of TZS 26.2 billion (2018: TZS 26.4 billion). This comprises of the net of interest expense, interest income and foreign exchange and fair value 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 40 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 Kiln 2. The Company is required to comply with specified financial covenants as indicated below:

Financial Covenant Ratio	Calculated as at 31 December 2019	Covenant Target Level	Compliance (Yes/No/ N/a)
Senior Debt Service Cover Ratio	1.6	>1.5	Yes
Total Debt Service Cover Ratio	1.5	>1.3	Yes
DEBT to EBITDA	6.3	<7.0	Yes

19. DIVIDENDS

No interim or final dividend was declared and paid during the year.

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 Group 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 consolidated and separate statements of financial position, the Group has key strengths and resources, both tangible and intangible, which support the pursuit of the Group's 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 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 40 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

Directors' Report *(Continued)*

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

During the year, the Company disposed of the equity investment relating to 5% of the issued ordinary share capital of East African Railway Hauliers Limited (EARHL). There were no other material acquisitions or disposals of investments during the current or previous year.

Information on the acquisition and disposal of property, plant and equipment is presented in Note 16 to the consolidated and separate financial statements.

26. INVESTMENT IN SUBSIDIARY

The Company owns 100% of the issued share capital of Cement Distributors (EA) Limited (the "subsidiary"). In 2015, the directors made a strategic decision to restructure the operations of the Group whereby the Company started selling directly to most of the subsidiaries customers rather than distributing through the subsidiary. During the year, the subsidiary ceased cement selling and distribution activities after transferring all customer relationships to the Company. In line with this strategy, the subsidiary ceased operations in Burundi and Rwanda. The subsidiary's continued existence will be financially supported by revenue from leasing its investment properties and service revenue from providing strategic support services to the Company.

The investment in the subsidiary was impaired by TZS 1.2 billion having considered the above changes. Further information is presented in Note 20 to the consolidated and separate financial statements.

27. WELFARE OF EMPLOYEES

Relationship between management and employees

A healthy relationship continues to exist between management and employees. Maintaining a strong relationship with employees is key to ultimate success of the Group. One of the initiatives in place to ensure a strong relationship with employees StarComs, which is employee involvement through communications for commitment and innovation. Through StarComs, teams and individuals know what to focus on and teams are working towards the same Group goals. As a result, the overall employee engagement score improving by 8%. 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 336 million for staff training in order to improve employee technical skills and effectiveness (2018: TZS 251 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 2019.

Financial Assistance to Staff

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

Persons with Disabilities

It remains the Group's policy to accept disabled persons for employment for those vacancies that they are able to fill. Opportunities for advancement are provided to each disabled person when a suitable vacancy arises within the Group and all necessary assistance is provided 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 Long term incentive scheme

This scheme replaced the previous employee 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.

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Directors' Report *(Continued)*

Employee Benefit Plans

Employees who were members of other pension funds were transferred to National Social Security Fund (NSSF) in March 2019 after the merging of the other pension funds into Public Service Social Security Fund (PSSSF). Currently all employees are members of National Social Security Fund (NSSF). The Group contributes 10% of the gross salary of each employee. NSSF is a defined contribution plan.

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.

28. GENDER PARITY

The Group is an equal opportunity employer. It provides 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 326 (2018: 296) employees, of which 32 were female and 294 were male (2018: 30 female and 266 male). The Group had 329 (2018: 369) employees, of which 33 were female and 296 were male (2018: 49 female and 320 male).

29. POLITICAL DONATIONS

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

30. ENVIRONMENTAL CONTROL PROGRAMME

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

31. QUALITY

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

32. 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 84 million (2018: TZS 156 million) towards various corporate social investment initiatives.

33. 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.

34. 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).

35. STATEMENT OF COMPLIANCE

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

36. RELATED PARTY TRANSACTIONS

The related party transactions and balances are disclosed in Note 37 to the consolidated and separate financial statements. The directors' emoluments have also been disclosed in Note 37 to the consolidated and separate financial statements.

37. SERIOUS PREJUDICIAL MATTERS

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

38. AUDITOR

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 2020 financial year will be tabled for shareholders,' approval at the next Annual General Meeting.

APPROVED BY THE BOARD OF DIRECTORS ON 11 SEPTEMBER 2020, AND SIGNED ON ITS BEHALF BY:

L Masha	**R Swart**
Chairperson	Managing Director
11 September 2020	11 September 2020

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Statement of Directors' Responsibilities
for the year ended 31 December 2019

For each financial year, the Companies Act, 2002 of Tanzania, requires the directors to prepare consolidated and separate financial statements that present fairly, the state of financial affairs of the Group and the 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 the 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 Companies Act, 2002 of Tanzania. 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 the 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 the Company's ability to continue as going concerns and are satisfied that the Group and the Company have access to sufficient resources necessary to continue in business for the foreseeable future. The Group and the Company are solvent, have positive net cash flows from operations and 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 the Company's ability to continue as going concerns. The directors remain positive about the foreseeable future despite the very competitive landscape and the impact of COVID-19. 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 the forecast performance targets will be achieved, and that funding will be available to finance future operations and loan repayments, and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

L Masha
Chairperson
11 September 2020

R Swart
Managing Director
11 September 2020

"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."

CEMENT
STRENGTH WITHIN

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

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 the 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 the Company showing a true and fair view position of the Group and the 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 and Approval 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 2019 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.

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Pieter De Jager
Chief Financial Officer

NBAA Membership No. 2830
11 September 2020

Independent Auditor's Report

To the shareholders of Tanga Cement Public Limited Company

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"), its subsidiary and controlled structured entity (together, the "Group") set out on pages 57 to 127, which comprise the consolidated and separate statements of financial position as at 31 December 2019, 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 2019, and 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. We have determined the matter described below to be the key audit matters to be communicated in our report. For the 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 matter 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 borrowing agreement covenants**	
	The Company is required to comply with the covenants specified in the loan agreement with the Government Employees Pension Fund ("GEPF" or the "lender"). The Company was compliant with the key terms of the loan agreement as at 31 December 2019. The GEPF loan agreement stipulates certain limitations on the Company in case there is breach of the stipulated covenants. These limitations include not paying dividends without prior consent of the lender. Furthermore, in case of an event of default which includes non-payment on the due date of any amount payable and failure to meet the stipulated financial covenants, the lender may, by giving notice to the Company, demand repayment of all or part of any loan and payment of other amounts accrued and/or declare that all or part of any loan is repayable, and any other amounts accrued or outstanding are immediately due and payable; take steps to enforce any rights of finance parties under the security documents; declare that no distribution may be made and that all amounts which would otherwise be available for distribution must be paid into the transaction account. We considered this to be a key audit matter since breach of the covenants could have a significant effect on the Group's and the Company's going concern status and financial results and position. We also considered there to be a risk that the Group's disclosures regarding the borrowings, which are included in Note 31 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 2019. • Evaluating the potential impact of the loan on the Group's and the Company's going concern status including reviewing management's plans for continued compliance with the loan agreement terms. • Comparing the disclosures in the consolidated and separate financial statements with the loan agreement terms and the related correspondence with the lender. • Reviewing the calculations for the interest expense and outstanding loan balance and checking that the amounts reported, and the presentation thereof, are in accordance with the loan agreement. • Assessing the adequacy of the Group's disclosures regarding the loan amounts and covenants.

Other Information

The directors are responsible for the other information. 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.

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.

Independent Auditors' Report *(Continued)*

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

We communicate with the directors regarding, among other matters,

Independent Auditors' Report *(Continued)*

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, Tanzania

11 September 2020

SIMBA CEMENT
STRENGTH WITHIN

We have contributed in creating jobs for communities around us and in return they have played a big role in supporting Tanzania's growth

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CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Group		Company	
		2019 TZS'000	2018 TZS'000	2019 TZS'000	2018 TZS'000
Revenue from contracts with customers	5	220,882,297	214,922,899	218,031,750	205,951,168
Cost of sales	6	(166,313,105)	(158,771,016)	(165,327,930)	(152,935,264)
Gross profit		**54,569,192**	**56,151,883**	**52,703,820**	**53,015,904**
Other income	7	770,220	524,364	680,444	367,936
Other expenses	7	(351,705)	(292,106)	(351,705)	(249,292)
Selling expenses	8	(5,080,554)	(4,270,914)	(5,080,554)	(4,342,924)
Administration expenses	9	(16,426,799)	(17,434,134)	(14,340,733)	(14,811,514)
Depreciation charge	10	(20,061,829)	(19,106,942)	(19,886,408)	(18,884,665)
Impairment charge	10	-	(397,981)	(1,222,538)	(397,981)
(Increase)/decrease in expected credit losses	10	(990,337)	(304,926)	(2,796,340)	490,286
Operating profit		**12,428,188**	**14,869,244**	**9,705,986**	**15,187,750**
Interest expense	11	(19,218,998)	(22,017,612)	(19,189,946)	(22,017,612)
Finance income	12	10,447	28,630	10,447	28,630
Foreign exchange and fair value losses	13	(7,027,815)	(4,415,305)	(7,004,590)	(4,350,346)
Loss before tax		**(13,808,178)**	**(11,535,043)**	**(16,478,103)**	**(11,151,578)**
Income tax credit	14(a)	1,955,630	276,300	2,065,400	448,571
Loss for the year		**(11,852,548)**	**(11,258,743)**	**(14,412,703)**	**(10,703,007)**
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		(22,547)	(11,614)	-	-
Other comprehensive income net of tax		**(22,547)**	**(11,614)**	**-**	**-**
Total comprehensive income for the year, net of tax		**(11,875,095)**	**(11,270,357)**	**(14,412,703)**	**(10,703,007)**
Loss for the year attributable to:					
Owners of the parent		(11,852,548)	(11,258,743)	(14,412,703)	(10,703,007)
Non-controlling interests		-	-	-	-
		(11,852,548)	(11,258,743)	(14,412,703)	(10,703,007)
Total comprehensive income for the year attributable to:					
Owners of the parent		(11,875,095)	(11,270,357)	(14,412,703)	(10,703,007)
Non-controlling interests		-	-	-	-
		(11,875,095)	(11,270,357)	(14,412,703)	(10,703,007)
		2019 TZS/share	2018 TZS/share		
Basic and diluted loss per share	15	(188)	(179)		

SIMBA CEMENT
STRENGTH WITHIN

WARAKA WA HALI YA KIFEDHA WA KUNDI NA KAMPUNI
KWA MWAKA ULIOISHIA 31 DESEMBA 2019

	Maelezo	Kundi 2019 TSH'000	Kundi 2018 TSH'000	Kampuni 2019 TSH'000	Kampuni 2018 TSH'000
Mapato yatokanayo na mikataba na watajea	5	220,882,297	214,922,899	218,031,750	205,951,168
Gharama za mauzo	6	(166,313,105)	(158,771,016)	(165,327,930)	(152,935,264)
Faida Ghafi		**54,569,192**	**56,151,883**	**52,703,820**	**53,015,904**
Mapato mengineyo	7	770,220	524,364	680,444	367,936
Gharama zinginezo	7	(351,705)	(292,106)	(351,705)	(249,292)
Gharama za mauzo	8	(5,080,554)	(4,270,914)	(5,080,554)	(4,342,924)
Gharama za utawala	9	(16,426,799)	(17,434,134)	(14,340,733)	(14,811,514)
Uchakavu	10	(20,061,829)	(19,106,942)	(19,886,408)	(18,884,665)
Mali iliyoharibika	10	-	(397,981)	(1,222,538)	(397,981)
Hasara inayotarajiwa kutokana na madeni (Ongezeko)/ punguzo	10	(990,337)	(304,926)	(2,796,340)	490,286
Faida za shughuli za biashara		**12,428,188**	**14,869,244**	**9,705,986**	**15,187,750**
Gharama za riba	11	(19,218,998)	(22,017,612)	(19,189,946)	(22,017,612)
Mapato ya riba	12	10,447	28,630	10,447	28,630
Hasara za ubadilishwaji wa fedha za kigeni	13	(7,027,815)	(4,415,305)	(7,004,590)	(4,350,346)
Hasara kabla ya Kodi		**(13,808,178)**	**(11,535,043)**	**(16,478,103)**	**(11,151,578)**
Kodi ya Mapato	14(a)	1,955,630	276,300	2,065,400	448,571
Hasara kwa Mwaka		**(11,852,548)**	**(11,258,743)**	**(14,412,703)**	**(10,703,007)**
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		(22,547)	(11,614)	-	-
Mapato ya kina baada ya kodi		**(22,547)**	**(11,614)**	**-**	**-**
		(11,875,095)	**(11,270,357)**	**(14,412,703)**	**(10,703,007)**
Hasara kwa mwaka iliyoidhinishwa kwa:					
Wamiliki wa Kampuni mama		(11,852,548)	(11,258,743)	(14,412,703)	(10,703,007)
Masalahi yasiyodhibitika		-	-	-	-
		(11,852,548)	(11,258,743)	(14,412,703)	(10,703,007)
Mapato ya kina ya mwaka yaliyoidhinishwa kwa:					
Wamiliki wa Kampuni mama		(11,875,095)	(11,270,357)	(14,412,703)	(10,703,007)
Wamiliki wasio na udhibiti		-	-	-	-
		(11,875,095)	(11,270,357)	(14,412,703)	(10,703,007)
		2019 Tsh/hisa	2018 Tsh/hisa		
Hasara kwa hisa (Tsh)	15	(188)	(179)		

SIMBA CEMENT
STRENGTH WITHIN

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Notes	Group 2019 TZS'000	Group 2018 TZS'000	Company 2019 TZS'000	Company 2018 TZS'000
ASSETS					
Non-current assets					
Property, plant and equipment	16	331,516,226	347,265,779	330,634,438	346,843,971
Right-of-use assets	17	12,184,909	-	11,960,728	-
Investment property	18	583,212	1,255,870	-	-
Investment in subsidiary	20(a)	-	-	552,564	1,746,976
Equity investment	20(b)	-	100	-	100
Financial asset - Interest rate cap	21	1,586,736	6,466,965	1,586,736	6,466,965
Deferred tax asset	14(b)	-	76,802	-	-
		345,871,083	**355,065,516**	**344,734,466**	**355,058,012**
Current assets					
Due from employees' share trust	22	-	-	421,890	450,016
Inventories	23	48,216,378	44,806,561	48,216,378	44,144,082
Trade and other receivables	24	10,617,438	11,023,316	10,322,936	12,889,520
VAT recoverable	25	-	132,190	-	132,190
Current income tax recoverable	14(d)	2,622,355	1,634,434	2,377,203	1,430,579
Cash and bank balances	26	8,907,345	16,999,527	8,695,481	16,316,053
		70,363,516	**74,596,028**	**70,033,888**	**75,362,440**
Non-current assets held-for-sale	27	3,870	-	-	-
TOTAL ASSETS		**416,238,469**	**429,661,544**	**414,768,354**	**430,420,452**
EQUITY AND LIABILITIES					
Equity					
Issued capital	28	1,273,421	1,273,421	1,273,421	1,273,421
Translation reserve		(24,974)	(2,427)	-	-
Treasury shares	22	(421,890)	(450,016)	-	-
Retained earnings		137,258,603	149,111,151	135,738,536	150,151,239
Equity attributable to owners of the parent		**138,085,160**	**149,932,129**	**137,011,957**	**151,424,660**
Non-controlling interest		-	-	-	-
Total equity		**138,085,160**	**149,932,129**	**137,011,957**	**151,424,660**
Non-current liabilities					
Lease liabilities	29	7,400,436	-	7,370,880	-
Provision for site restoration	30	26,931	26,057	26,931	26,057
Term borrowings: Non-current portion	31	152,698,967	188,698,008	152,698,967	188,698,008
Deferred tax liability	14(b)	1,531,723	4,729,907	1,531,723	4,729,907
		161,658,057	**193,453,972**	**161,628,501**	**193,453,972**
Current liabilities					
Lease liabilities	29	4,530,368	-	4,458,538	-
Term borrowings: Current portion	31	39,916,316	35,153,065	39,916,316	35,153,065
Trade and other payables	32	39,264,589	29,836,318	39,199,719	29,379,461
Contract liabilities	33	3,868,717	4,233,768	3,638,061	3,957,002
Derivative liabilities	34	748,585	380,766	748,585	380,766
Bank overdrafts	31	28,166,677	16,671,526	28,166,677	16,671,526
		116,495,252	**86,275,443**	**116,127,896**	**85,541,820**
Total liabilities		**278,153,309**	**279,729,415**	**277,756,397**	**278,995,792**
TOTAL EQUITY AND LIABILITIES		**416,238,469**	**429,661,544**	**414,768,354**	**430,420,452**

These consolidated and separate financial statements were approved by the Board of Directors for issue on 11 September 2020 and were signed on their behalf by:

Name: Lawrence Masha
Title: Chairman

Name:Reinhardt Swart
Title: Managing Director

SIMBA CEMENT
STRENGTH WITHIN

WARAKA WA HALI YA KIFEDHA WA KUNDI NA KAMPUNI

KAMA ILIVYOKUWA 31 DISEMBA 2019

	Maelezo	Kundi 2019 TSH'000	Kundi 2018 TSH'000	Kampuni 2019 TSH'000	Kampuni 2018 TSH'000
RASILIMALI					
Rasilimali za kudumu					
Mali, mitambo na vifaa	16	331,516,226	347,265,779	330,634,438	346,843,971
Haki ya matumizi rasilimali	17	12,184,909	-	11,960,728	-
Rasilimali za uwekezaji	18	583,212	1,255,870	-	-
Uwekezaji katika kampuni tanzu	20(a)	-	-	552,564	1,746,976
Uwekezaji kwa washirika	20(b)	-	100	-	100
Mali za kifedha	21	1,586,736	6,466,965	1,586,736	6,466,965
Rasilimali kodi iliyohairishwa	14(b)	-	76,802	-	-
		345,871,083	**355,065,516**	**344,734,466**	**355,058,012**
Rasilimali za Muda					
Stahiki kutoka kwa mfuko wa hisa za wafanyakazi	22	-	-	421,890	450,016
Bidhaa	23	48,216,378	44,806,561	48,216,378	44,144,082
Wadaiwa wa kibiashara na wengine	24	10,617,438	11,023,316	10,322,936	12,889,520
Rudisho la Kodi ya ongezeko la thamani	25	-	132,190	-	132,190
Kodi ya mapato ya kampuni itakayorudishwa	14(d)	2,622,355	1,634,434	2,377,203	1,430,579
Baki ya fedha taslimu na benki	26	8,907,345	16,999,527	8,695,481	16,316,053
		70,363,516	**74,596,028**	**70,033,888**	**75,362,440**
Rasilimali za kudumu zitunzavyo kwa kuuzwa	27	3,870	-	-	-
JUMLA YA RASILIMALI		**416,238,469**	**429,661,544**	**414,768,354**	**430,420,452**
HISA NA DHIMA					
Mtaji wa Akiba					
Mtaji wa hisa zilizotolewa	28	1,273,421	1,273,421	1,273,421	1,273,421
Hifadhi ya tafsiri za shughuli za nje ya nchi		(24,974)	(2,427)	-	-
Hisa za hazina	22	(421,890)	(450,016)	-	-
Mapato yaliyobakishwa		137,258,603	149,111,151	135,738,536	150,151,239
Hisa inaidhinishwa kwa wamiliki wa kampuni mama		**138,085,160**	**149,932,129**	**137,011,957**	**151,424,660**
Maslahi yasiyodhibitika		-	-	-	-
Jumla ya mtaji na akiba		**138,085,160**	**149,932,129**	**137,011,957**	**151,424,660**
Dhima za kudumu					
Dhima itokanavyo na kukodisha	29	7,400,436	-	7,370,880	-
Tengo kwa ajili ya uboreshaji wa eneo la machimbo	30	26,931	26,057	26,931	26,057
Mkopo wa muda mrefu	31	152,698,967	188,698,008	152,698,967	188,698,008
Tengo la kodi ilioahirishwa	14(b)	1,531,723	4,729,907	1,531,723	4,729,907
		161,658,057	**193,453,972**	**161,628,501**	**193,453,972**
Dhima za muda					
Dhima itokanavyo na kukodisha	29	4,530,368	-	4,458,538	-
Mkopo wa muda mfupi	31	39,916,316	35,153,065	39,916,316	35,153,065
Malipo ya biashara na mengineyo	32	39,264,589	29,836,318	39,199,719	29,379,461
Madeni ya mikataba	33	3,868,717	4,233,768	3,638,061	3,957,002
Madeni ya mikataba ya kifedha	34	748,585	380,766	748,585	380,766
Ovadrafti za benki	31	28,166,677	16,671,526	28,166,677	16,671,526
		116,495,252	**86,275,443**	**116,127,896**	**85,541,820**
Jumla ya dhima		**278,153,309**	**279,729,415**	**277,756,397**	**278,995,792**
JUMLA YA HISA NA DHIMA		**416,238,469**	**429,661,544**	**414,768,354**	**430,420,452**

Taarifa hizi kamili za fedha ziliidhinishwa na Bodi ya Wakurugenzi tarehe 11 Septemba 2020 na zilitiwa saini kwa niaba yao na:

Jina: Lawrence Masha
Cheo: Mwenyekiti

Jina: Reinhardt Swart
Cheo: Mkurugenzi Mtendaji

SIMBA CEMENT
STRENGTH WITHIN

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Issued capital TZS'000	Translation reserve* TZS'000	Treasury shares TZS'000	Retained earnings TZS'000	Total TZS' 000
COMPANY						
At 1 January 2018		1,273,421	-	-	161,473,124	162,746,545
Impact of initial application of IFRS 9		-	-	-	(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	36	-	-	-	41,264	41,264
At 31 December 2018		**1,273,421**	**-**	**-**	**150,151,239**	**151,424,660**
At 1 January 2019		1,273,421	-	-	150,151,239	151,424,660
Loss for the year		-	-	-		-
Other comprehensive income		-	-	-	(14,412,703)	(14,412,703)
Total comprehensive income		-	-	-	(14,412,703)	(14,412,703)
At 31 December 2019		**1,273,421**	**-**	**-**	**135,738,536**	**137,011,957**
GROUP						
At 1 January 2018		1,273,421	9,187	(843,782)	162,000,436	162,439,262
Impact of initial application of IFRS 9		-	-	-	(2,053,632)	(2,053,632)
Deferred tax impact	14(b)	-	-	-	381,826	381,826
		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)
Changes in treasury shares	22	-	-	393,766	-	393,766
Rescinded unclaimed interim dividend for 2010	36	-	-	-	41,264	41,264
At 31 December 2018		**1,273,421**	**(2,427)**	**(450,016)**	**149,111,151**	**149,932,129**
At 1 January 2019		1,273,421	(2,427)	(450,016)	149,111,151	149,932,129
Loss for the year		-	-	-	(11,852,548)	(11,852,548)
Other comprehensive income		-	(22,547)	-	-	(22,547)
Total comprehensive income		-	(22,547)	-	(11,852,548)	(11,875,095)
Changes in treasury shares	22	-	-	28,126	-	28,126
At 31 December 2019		**1,273,421**	**(24,974)**	**(421,890)**	**137,258,603**	**138,085,160**

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

SIMBA CEMENT
STRENGTH WITHIN

WARAKA WA MABADILIKO YA HISA/ MTAJI
KWA MWAKA ULIOISHIA 31 DISEMBA 2019

	Maelezo	Mtaji wa hisa uliotolewa TSH'000	Hifadhi ya ubadilishaji wa shughli za nje ya nchi TSH'000	Hisa za hazina TSH'000	Baki ya fedha taslimu na benki TSH' 000	Jumla TSH'000
KAMPUNI						
Tarehe 1 Januari 2018		1,273,421	-	-	161,473,124	162,746,545
Madhara ya mwanzo wa matumizi wa IFRS 9		-	-	-	(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 lililorudishwa ambalo halikuchukuliwa mwaka 2010	36	-	-	-	41,264	41,264
Tarehe 31 Disemba 2018		**1,273,421**	**-**	**-**	**150,151,239**	**151,424,660**
Tarehe 1 Januari 2019		1,273,421	-	-	150,151,239	151,424,660
Hasara kwa mwaka		-	-	-		-
Mapato ya kina		-	-	-	(14,412,703)	(14,412,703)
Jumla ya mapato		-	-	-	(14,412,703)	(14,412,703)
Tarehe 31 Disemba 2019		**1,273,421**	**-**	**-**	**135,738,536**	**137,011,957**
KUNDI						
At 1 January 2018		1,273,421	9,187	(843,782)	162,000,436	162,439,262
Madhara ya mwanzo wa matumizi wa IFRS 9		-	-	-	(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)
Mabadiliko wa hisa za hazina	22	-	-	393,766	-	393,766
Gawio lililorudishwa ambalo halikuchukuliwa mwaka 2010	36	-	-	-	41,264	41,264
Tarehe 31 Disemba 2018		**1,273,421**	**(2,427)**	**(450,016)**	**149,111,151**	**149,932,129**
Tarehe 1 Januari 2019		1,273,421	(2,427)	(450,016)	149,111,151	149,932,129
Hasara kwa mwaka		-	-	-	(11,852,548)	(11,852,548)
Mapato ya kina		-	(22,547)	-	-	(22,547)
Jumla ya mapato		-	(22,547)	-	(11,852,548)	(11,875,095)
Mabadiliko ya hisa za hazina	22	-	-	28,126	-	28,126
Tarehe 31 Disemba 2019		**1,273,421**	**(24,974)**	**(421,890)**	**137,258,603**	**138,085,160**

*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.

SIMBA CEMENT
STRENGTH WITHIN

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Group		Company	
		2019 TZS' 000	2018 TZS'000	2019 TZS'000'	2018 TZS'000
OPERATING ACTIVITIES					
Cash generated from operating activities	35	42,665,135	40,908,752	42,942,916	41,644,406
Interest income received	12	10,447	28,630	10,447	28,630
Income taxes paid	14(d)	(2,113,251)	(820,014)	(2,038,988)	(640,085)
Net cash flows from operating activities		**40,562,330**	**40,117,368**	**40,914,375**	**41,032,951**
INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		76,170	192,665	66,802	183,297
Purchase of property, plant and equipment	16	(3,403,020)	(6,026,939)	(3,403,021)	(5,995,492)
Proceeds from sale of investment in associate	20	-	-	228,460	-
Net cash flows used in investing activities		**(3,326,850)**	**(5,834,274)**	**(3,107,759)**	**(5,812,195)**
FINANCING ACTIVITIES					
Principal repayments - lease liabilities	29	(4,917,319)	-	(4,813,011)	-
Lease liability interest paid	29	(1,249,127)	-	(1,230,758)	-
Interest paid - overdrafts		(2,015,699)	(1,480,401)	(2,015,699)	(1,480,401)
Interest paid - term borrowings	31	(17,065,716)	(21,229,544)	(17,065,716)	(21,229,544)
Principal repayments - term borrowings	31	(31,230,693)	(5,275,673)	(31,230,693)	(5,275,673)
Net cash flows used in financing activities		**(56,478,554)**	**(27,985,618)**	**(56,355,877)**	**(27,985,618)**
Net (decrease)/ increase in cash and cash equivalents		(19,243,074)	6,297,476	(18,549,261)	7,235,138
Net foreign exchange differences		(344,259)	(819,816)	(566,462)	(744,225)
Cash and cash equivalents at 1 January		328,001	(5,149,659)	(355,473)	(6,846,386)
Cash and cash equivalents at 31 December	**26**	**(19,259,332)**	**328,001**	**(19,471,196)**	**(355,473)**

SIMBA CEMENT
STRENGTH WITHIN

WARAKA WA MTIRIRIKO WA FEDHA WA KUNDI NA KAMPUNI

KAMA ILIVYOKUWA 31 DISEMBA 2018

	Maelezo	Kundi 2019 TSH'000	Kundi 2018 TSH'000	Kampuni 2019 TSH'000	Kampuni 2018 TSH'000
SHUGHULI ZA UENDESHAJI					
Fedha kutoka kwenye uendeshaji	35	42,665,135	40,908,752	42,942,916	41,644,406
Riba iliyopokelewa	12	10,447	28,630	10,447	28,630
Kodi ya mapato iliyolipwa	14(d)	(2,113,251)	(820,014)	(2,038,988)	(640,085)
Fedha taslimu inayotokana na uendeshaji		**40,562,330**	**40,117,368**	**40,914,375**	**41,032,951**
SHUGHULI ZA UWEKEZAJI					
Mauzo ya mali, mitambo na vifaa		76,170	192,665	66,802	183,297
Manunuzi ya mali, mitambo na vifaa	16	(3,403,020)	(6,026,939)	(3,403,021)	(5,995,492)
Mauzo ya sehemu ya uwekezaji	20	-	-	228,460	-
Fedha taslimu zilizotumika katika shughuli za uwekezaji		**(3,326,850)**	**(5,834,274)**	**(3,107,759)**	**(5,812,195)**
SHUGHULI ZA UGHARIMIAJI					
Ulipaji wa deni - Dhima itokanayo na Kukodisha	29	(4,917,319)	-	(4,813,011)	-
Riba iliyolipwa ya dhima itokanayo na kukodisha	29	(1,249,127)	-	(1,230,758)	-
Riba iliyolipwa kwenye overdraft		(2,015,699)	(1,480,401)	(2,015,699)	(1,480,401)
Riba lliyolipwa ya deni	31	(17,065,716)	(21,229,544)	(17,065,716)	(21,229,544)
Ulipaji wa deni-Mkopo wa Muda	31	(31,230,693)	(5,275,673)	(31,230,693)	(5,275,673)
Fedha taslimu iliyotumiwa katika shughuli za ugharImiaji		**(56,478,554)**	**(27,985,618)**	**(56,355,877)**	**(27,985,618)**
(Punguzo)/ Ongezeko katika fedha taslimu na fedha linganifu		(19,243,074)	6,297,476	(18,549,261)	7,235,138
Tofauti halisi kutokana ubadilishaji fedha za kigeni		(344,259)	(819,816)	(566,462)	(744,225)
Fedha taslimu na fedha linganifu tarehe 1 Januari		328,001	(5,149,659)	(355,473)	(6,846,386)
Fedha taslimu na fedha linganifu tarehe 31 Disemba	**26**	**(19,259,332)**	**328,001**	**(19,471,196)**	**(355,473)**

SIMBA CEMENT
STRENGTH WITHIN

Notes to the consolidated and separate financial statements

FOR THE YEAR ENDED 31 DECEMBER 2019

1. CORPORATE INFORMATION

Tanga Cement Public Limited Company (the "Company"), the reporting entity, is incorporated in Tanzania under the Companies Act, 2002 of Tanzania 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 1.

The Company has one fully owned subsidiary, Cement Distributors (EA) Limited (CDEAL) which is incorporated and domiciled in Tanzania. CDEAL fully owns and controls Cement Distributors (EA) Limited – Rwanda and Cement Distributors (EA) Limited – Burundi which are incorporated and domiciled in Rwanda and Burundi, respectively. In the prior year, the Company owned 5% of the issued share capital of East African Railway Hauliers Limited (EARHL). This investment was disposed of during the year.

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 42 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, 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 2019.

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 Companies Act, 2002 of Tanzania.

The consolidated financial statements comprise the Company, its subsidiary and controlled structured entity (together, the "Group"). The subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtained control and continues to be consolidated until the date when such control ceases. Control is achieved when the Company 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. The financial statements of the subsidiary and consolidated structured entity are prepared for the same reporting period as the 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 less impairment losses 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 Company 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

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 or crossed the gate for the delivered sales and ex-gate sales respectively.

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. Contract assets are subject to impairment assessment. Refer to the accounting policy on impairment of financial assets in Note 2.3m.

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 income.

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 subsidiaries, 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, but it is carried at cost less accumulated impairment.

i) Leases

The Group adopted IFRS 16 Leases (IFRS 16) in 2019. Under IFRS 16, 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

The Group applies a single recognition and measurement approach for all the leases, except for short term Leases and low value assets. The Group recognises lease liabilities to make lease payments and the right-of-use assets representing the right to use the underlying asset

i) Leases

Right-of-use- assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Right-of-use asset	Years
• Land occupancy rights	53 - 99
• Quarry fleet	1 – 4
• Residential houses and warehouses	1 – 3
• Printers	2 – 5

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policy on impairment of non-financial assets.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses, unless they are incurred to produce inventories, in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

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After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short –term leases and leases of low value asset

The Group applies the short-term lease recognition exemption to short-term leases i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Accounting policies applicable in the prior years under IAS 17 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.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased item to the lessee. All other leases are classified as operating leases.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Group as a lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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.

Borrowing costs may include:

- Interest expense calculated using the effective interest method as described in IFRS 9 Financial Instruments;
- Finance charges in respect of leases recognised in accordance with IFRS 16 ; 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.

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.

Financial assets

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 policy on 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. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

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. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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.

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 category 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

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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 risk and foreign currency risk, 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, borrowings including term loans and bank overdrafts, and derivative financial instruments.

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 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 and separate statements 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 cost of sales. Royalties are calculated based on quantities of limestone and red clay crushed/hauled and pozzolana used and are recognised upon 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 members of National Social Security Fund (NSSF), which is a defined contribution plan. This plan is prescribed by law and all private sector employees must be members of the fund. The Group and employees both contribute 10% of the employees' gross salaries to NSSF. The Group's contributions are charged to 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 liabilities 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 authority 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, and 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.

x) Uncertain income tax positions

The Group and the Company use judgement to determine whether each tax treatment should be considered independently or whether some tax treatments should be considered together. The decision is based on which approach provides better predictions of the resolution of the uncertainty. The Group and the Company assume that the taxation authority will examine amounts reported to it and will have full knowledge of all relevant information when doing so. Where the Group and the Company conclude that it is probable that a particular tax treatment will be accepted, it determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings. If the Group and the Company conclude that it is not probable that a particular tax treatment will be accepted, it uses the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The method is based on which method provides better predictions of the resolution of the uncertainty.

2.4 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group applied IFRS 16 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.

Several other amendments and interpretations were applicable for the first time in 2019 but did 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 16 Leases

IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Group is the lessor.

The Group adopted IFRS 16 using the modified retrospective method of adoption, with the date of initial application of 1 January 2019. The Group reviewed its contracts to reassess whether a contract is, or contains, a lease at 1 January 2019. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

Upon adoption of IFRS 16, the Group applied a single recognition and measurement approach for all leases for which it is the lessee, except for short-term leases and leases of low-value assets. The Group recognised lease liabilities to make lease payments and right-of-use assets representing the right-to-use the underlying assets. In accordance with the modified retrospective method of adoption, the Group applied IFRS 16 at the date of initial application.

The Company also applied the available practical expedients wherein it:

- Applied the short-term leases exemptions to leases with lease terms that end within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Used a single discount rate to a portfolio of leases with reasonably similar characteristics

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As at 1 January 2019:

- Right-of-use assets and lease liabilities were recognised and presented separately in the statement of financial position.
- Prepayments under lease arrangements in the scope of IFRS 16 were reclassified from trade and other receivables to right-of-use assets.
- There was no impact on retained earnings.

The effect [increase/ (decrease)] on the Group's consolidated statement of financial position of adopting IFRS 16 as at 1 January 2019 was as follows:

	Notes	At 1 January 2019 TZS' 000'	Impact of IFRS 16 TZS' 000'	At 31 Dec 2018 TZS' 000'
ASSETS				
Non-current assets				
Property, plant and equipment		347,265,779	-	347,265,779
Right-of-use assets	17	16,278,856	16,278,856	-
Investment property	18	1,125,993	(129,877)	1,255,870
Equity investment		100	-	100
Financial asset - Interest rate cap		6,466,965	-	6,466,965
Deferred tax asset		76,802	-	76,802
		371,214,495	**16,148,979**	**355,065,516**
Current assets				
Inventories		44,806,561	-	44,806,561
Trade and other receivables	17	10,633,499	(389,817)	11,023,316
VAT recoverable		132,190	-	132,190
Current income tax recoverable		1,634,434	-	1,634,434
Cash and bank balances		16,999,527	-	16,999,527
		74,206,211	**(389,817)**	**74,596,028**
TOTAL ASSETS		**445,420,706**	**15,759,162**	**429,661,544**
EQUITY AND LIABILITIES				
Equity				
Issued capital		1,273,421	-	1,273,421
Translation reserve		(2,427)	-	(2,427)
Treasury shares		(450,016)	-	(450,016)
Retained earnings		149,111,151	-	149,111,151
Total equity		**149,932,129**	**-**	**149,932,129**
Non-current liabilities				
Lease liabilities	29	11,245,803	11,245,803	-
Provision for site restoration		26,057	-	26,057
Term borrowings: Non-current portion		188,698,008	-	188,698,008
Deferred tax liability		4,729,907	-	4,729,907
		204,699,775	**11,245,803**	**193,453,972**
Current liabilities				
Lease liabilities	29	4,513,359	4,513,359	-
Term borrowings: Current portion		35,153,065	-	35,153,065
Trade and other payables		29,836,318	-	29,836,318
Contract liabilities		4,233,768	-	4,233,768
Derivative liabilities		380,766	-	380,766
Bank overdrafts		16,671,526	-	16,671,526
		90,788,802	**4,513,359**	**86,275,443**
TOTAL EQUITY AND LIABILITIES		**445,420,706**	**15,759,162**	**429,661,544**

The effect [increase/ (decrease)] on the Company's statement of financial position of adopting IFRS 16 as at 1 January 2019 was as follows:

	Notes	At 1 January 2019 TZS' 000'	Impact of IFRS 16 TZS' 000'	At 31 Dec 2018 TZS' 000'
ASSETS				
Non-current assets				
Property, plant and equipment		346,843,971	-	346,843,971
Right-of-use assets	17	15,934,428	15,934,428	-
Investment in subsidiary		1,746,976	-	1,746,976
Equity investment		100	-	100
Financial asset - Interest rate cap		6,466,965	-	6,466,965
		370,992,440	**15,934,428**	**355,058,012**
Current assets				
Due from employees' share trust		450,016	-	450,016
Inventories		44,144,082	-	44,144,082
Trade and other receivables	17	12,519,243	(370,277)	12,889,520
VAT recoverable		132,190	-	132,190
Current income tax recoverable		1,430,579	-	1,430,579
Cash and bank balances		16,316,053	-	16,316,053
		74,992,163	**(370,277)**	**75,362,440**
TOTAL ASSETS		**445,984,603**	**15,564,151**	**430,420,452**
EQUITY AND LIABILITIES				
Equity				
Issued capital		1,273,421	-	1,273,421
Retained earnings		150,151,239	-	150,151,239
Total equity		**151,424,660**	-	**151,424,660**
Non-current liabilities				
Lease liabilities	29	11,050,792	11,050,792	-
Provision for site restoration		26,057	-	26,057
Term borrowings: Non-current portion		188,698,008	-	188,698,008
Deferred tax liability		4,729,907	-	4,729,907
		204,504,764	**11,050,792**	**193,453,972**
Current liabilities				
Lease liabilities	29	4,513,359	4,513,359	-
Term borrowings: Current portion		35,153,065	-	35,153,065
Trade and other payables		29,379,461	-	29,379,461
Contract liabilities		3,957,002	-	3,957,002
Derivative liabilities		380,766	-	380,766
Bank overdrafts		16,671,526	-	16,671,526
		90,055,179	**4,513,359**	**85,541,820**
TOTAL EQUITY AND LIABILITIES		**445,984,603**	**15,564,151**	**430,420,452**

The most significant differences between the IAS 17 lease commitments as at 31 December 2019 and the lease liabilities recognised on transition to IFRS 16 are set out below:

	Notes	Group TZS' 000'	Company TZS' 000'
Undiscounted operating non-cancellable lease commitments at 31 December 2018	29	13,127,037	12,972,002
Lease commitments relating to renewal periods not included in the operating lease commitments as at 31 December 2018		45,474,435	45,474,435
Less: Effect of discounting on payments included in the operating lease commitments		(42,842,310)	(42,882,286)
Lease liabilities on initial application of IFRS 16		**15,759,162**	**15,564,151**
The lease liabilities are analysed as follows:			
Non-current		11,245,803	11,050,792
Current		4,513,359	4,513,359
Total lease liabilities		**15,759,162**	**15,564,151**

The incremental borrowing rates applied in measuring the lease liabilities as at 1 January 2019 ranged from 7% to 15%.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment .

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12 Income taxes. It does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addressed the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities.
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances.

The interpretation did not have a significant impact on the consolidated and separate financial statements since the policies applied previously are acceptable in the interpretations

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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.

Impairment at cash generating unit level

The Company's market capitalization as at year-end was lower than the carrying amount of the Company's net assets. The recoverable amount as estimated by the directors indicates that this is not an impairment indicator whereby the carrying amount of the net assets of the Company may not be recoverable. The judgements applied in this assessment include that the Group's business fundamentals remain positive as expected, with expected increase in profitability.

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.

For more details, refer to Note 2.3(f).

Group as a lessee

Determining the lease term of contracts with renewal and termination options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases with short non-cancellable periods (i.e., three to five years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on the Group's operations if a replacement asset is not readily available.

Estimating the Incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the leases, therefore, it uses the incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires indicative rates from the Group's bankers because no observable rates are available due to the fact that the group has not entered into similar financing transactions.

Lease identification

Whether the arrangement is considered a lease, or a service contract depends on the analysis by management of both the legal form and substance of the arrangement between the Group and the counter-party to determine if control of an identified asset has been passed between the parties, if not, the arrangement is a service arrangement. Control exists if the Group obtains substantially all of the economic benefit from the use of the asset, and has the ability to direct its use, for a period of time. An identified asset exists where an agreement explicitly or implicitly identifies an asset or a physically distinct portion of an asset which the lessor has no substantive right to substitute.

The judgment impacts the nature and timing of both costs and reported assets and liabilities. A lease results in depreciation and interest being recognised and an asset and a liability being reported; the interest charge will decrease over the life of the lease. A service contract results in operating expenses being recognised evenly over the life of the contract and no assets or liabilities being recorded, other than trade payables, prepayments and accruals.

Refer to Notes 17 and 29 for further disclosures including the carrying amounts of the right-of-use assets and lease liabilities.

Expected credit losses

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 Notes 24 and 40(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.

Refer to Note 30 for further disclosures including the carrying amount of the provision for site restoration.

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.

Refer to Note 41 for further disclosures on contingent liabilities.

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, the 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 18, 21, 34 and 43 for further disclosures on fair value measurement.

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.

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 cost 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 Discounted Cash Flows (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 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 Note 20(a) for further disclosures including the carrying amount of the non-financial asset impaired.

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.

Refer to Note 14 for further disclosures including the carrying amounts of current income and deferred tax.

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 33 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 not expected to have a significant impact on the Group's financial results and position.

		Group		Company	
		2019 TZS'000	2018 TZS'000	2019 TZS'000	2018 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	207,772,714	192,754,780	205,079,379	195,785,869
	Transportation services	13,109,583	22,168,119	12,952,371	10,165,299
	Total revenue from contracts with customers	**220,882,297**	**214,922,899**	**218,031,750**	**205,951,168**

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

- The performance obligation relating to selling cement and the transportation services relating to bulk cement sales 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 awarded volume rebates which are accounted for as a separate performance obligation and a portion of the transaction price is allocated to the volume rebates.

Refer to Notes 24 and 33 for the contract balances, that is, trade receivables and contract liabilities.

		Group 2019	Group 2018	Company 2019	Company 2018
6	**COST OF SALES**				
	Distribution costs	22,549,946	29,373,784	22,711,467	21,721,666
	Variable costs	91,930,978	85,022,598	90,784,282	86,838,964
	Fixed costs	51,832,181	44,374,634	51,832,181	44,374,634
		166,313,105	**158,771,016**	**165,327,930**	**152,935,264**
	The following are included in cost of sales:				
	ROYALTIES				
	Limestone	843,471	673,087	843,471	673,087
	Red soil	98,163	42,989	98,163	42,989
	Pozzolana	57,355	33,629	57,355	33,629
	Total	**998,989**	**749,705**	**998,989**	**749,705**

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.

		Notes	Group 2019	Group 2018	Company 2019	Company 2018
7	**OTHER INCOME/(EXPENSES)**					
	Other income					
	Rental income	18	73,584	213,226	-	-
	Gain on disposal of equity investment	20	228,360	-	228,360	-
	Sundry income *		386,316	120,377	386,316	192,387
	Gain on sale of property, plant and equipment		81,960	190,761	65,768	175,549
			770,220	524,364	680,444	367,936
	Other expenses					
	- Loss on derecognition of property and equipment		(351,705)	(249,292)	(351,705)	(249,292)
	- Loss on derecognition of investment property	18	-	(42,814)	-	-
			(351,705)	**(292,106)**	**(351,705)**	**(249,292)**

*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 2019	Group 2018	Company 2019	Company 2018
8	**SELLING EXPENSES**				
	Other marketing and sales expenses	568,256	513,778	568,256	513,778
	Personnel expenses	1,805,176	1,416,291	1,805,176	1,416,291
	Purchase of services from related and third parties	2,707,122	2,340,845	2,707,122	2,412,855
		5,080,554	**4,270,914**	**5,080,554**	**4,342,924**

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		Notes	Group		Company	
			2019 TZS'000	2018 TZS'000	2019 TZS'000	2018 TZS'000
9	**ADMINISTRATION EXPENSES**					
	Personnel expenses		10,202,968	12,238,522	8,642,118	9,890,726
	Third party services		5,170,749	1,932,224	4,673,659	1,932,224
	Other administration expenses		1,053,082	3,263,388	1,024,956	2,988,564
			16,426,799	**17,434,134**	**14,340,733**	**14,811,514**
10	**OPERATING LOSS**					
	Operating profit is arrived at after charging/(crediting):					
	Gain on sale of property, plant and equipment	7	(81,960)	(190,761)	(65,768)	(175,549)
	Loss on derecognition of property, plant and equipment	7	351,705	249,292	351,705	249,292
	Loss on derecognition of investment property	7	-	42,814	-	-
	Audit fees					
	- Health and safety audit		50,449	54,053	50,449	54,053
	- Auditors' remuneration and related expenses		156,000	205,681	156,000	138,708
	Directors' remuneration					
	- Directors' emoluments		**2,597,913**	**2,229,746**	**2,597,913**	**2,229,746**
	Staff costs:					
	- Service costs		17,053,989	20,419,552	17,053,989	18,230,961
	- Pension costs (Defined contribution plan)		2,081,650	2,075,556	2,081,650	1,916,350
	Lease rental and related expenses*		2,319,346	9,439,946	2,271,433	9,439,946

* The 2019 amounts comprise leases of low value assets and short term leases and maintenance expenses for leased assets.

		Notes	Group 2019 TZS'000	Group 2018 TZS'000	Company 2019 TZS'000	Company 2018 TZS'000
	Depreciation					
	- Charge on property, plant and equipment	16	19,298,445	19,021,709	19,265,999	18,884,665
	- Charge on right-of-use assets excluding quarry fleet assets	17	740,656	-	620,409	-
	- Charge on investment property	18	22,728	85,233	-	-
			20,061,829	**19,106,942**	**19,886,408**	**18,884,665**
	Impairment charge					
	Other Charges		-	397,981	-	-
	impairment of investment in subsidiary	20	-	-	1,194,412	-
	impairment of amount due from the Trust	22	-	-	28,126	397,981
			-	**397,981**	**1,222,538**	**397,981**
	Expected credit losses					
	Increase/(decrease) in ECL for trade receivables	24	960,159	149,824	2,757,226	(507,235)
	Increase in ECL on bank balances	26	30,178	155,102	39,114	16,949
			990,337	**304,926**	**2,796,340**	**(490,286)**
11	**INTEREST EXPENSE**					
	Interest expense on bank overdrafts		2,015,699	1,060,971	2,015,699	1,060,971
	Finance charges on leases	29	1,418,478	-	1,389,426	-
	Loss on re-measurement of borrowings on change in terms	31	-	4,927,949	-	4,927,949
	Interest expense on term loans	31	15,784,821	16,028,692	15,784,821	16,028,692
	Interest expense charged to profit or loss		**19,218,998**	**22,017,612**	**19,189,946**	**22,017,612**

		Notes	Group 2019 TZS'000	Group 2018 TZS'000	Company 2019 TZS'000	Company 2018 TZS'000
12	**FINANCE INCOME**					
	Interest income on bank deposits		**10,447**	**28,630**	**10,447**	**28,630**
13	**FOREIGN EXCHANGE AND FAIR VALUE LOSS**					
	Net foreign exchange and fair value loss		7,027,815	4,415,305	7,004,590	4,350,346
	This comprises of:					
	Fair value (loss)/gain - interest rate cap	21	4,900,313	(1,458,746)	4,900,313	(1,458,746)
	Fair value loss - forward currency contracts	34	367,819	380,766	367,819	380,766
	Foreign exchange losses on SAGEPF (PIC) loan	31	1,275,798	4,489,901	1,275,798	4,489,901
	Net other foreign exchange losses		483,885	1,003,384	460,660	938,425
			7,027,815	**4,415,305**	**7,004,590**	**4,350,346**
14	**INCOME TAX**					
	(a) Income tax credit / charge					
	Alternative Minimum Tax - current year		1,132,784	786,452	1,132,784	636,287
	Current income tax charge - prior years		32,968	772,026	-	772,026
	Deferred tax credit - current year		(3,572,546)	(2,063,484)	(3,572,546)	(2,063,484)
	Deferred tax charge - current year		-	22,106	-	-
	Deferred tax charge - prior years		374,362	206,600	374,362	206,600
	Derecognition of deferred tax asset		76,802	-	-	-
			(1,955,630)	**(276,300)**	**(2,065,400)**	**(448,571)**

No current income tax charge has been recognised for the Company as it has accumulated tax losses. Alternative Minimum Tax (AMT) has been recognised in accordance with the Tanzania tax laws that require that entities that have had income tax losses for three consecutive years should pay AMT at the rate of 0.5% (0.3% up to 30 June 2018) of turnover.

	Group 2019 TZS'000	Group 2018 TZS'000	Company 2019 TZS'000	Company 2018 TZS'000
(b) Net deferred tax liability - recognised				
Company				
At 1 January	4,729,907	6,869,709	4,729,907	6,869,709
Credit to profit or loss	(3,198,184)	(1,856,884)	(3,198,184)	(1,856,884)
Credit on initial impact of application of IFRS 9 - ECL	-	(282,918)	-	(282,918)
At 31 December	**1,531,723**	**4,729,907**	**1,531,723**	**4,729,907**
Deferred tax asset - CDEAL Rwanda				
At 1 January	(76,802)	-	-	-
Credit to retained earnings - Initial application of IFRS 9	-	(98,908)	-	-
Charge for the year	76,802	22,106	-	-
At 31 December	**-**	**(76,802)**	**-**	**-**
Net recognised deferred tax liability	**1,531,723**	**4,653,105**	**1,531,723**	**4,729,907**

INCOME TAX *(Cont)*

(b) Net deferred tax liability - recognised *(Cont)*

	Group		Company	
	2019 TZS'000	2018 TZS'000	2019 TZS'000	2018 TZS'000
The movement in the deferred tax liability is made up as follows:				
Credit to profit or loss - Current year	(3,572,546)	(2,063,484)	(3,572,546)	(2,063,484)
Charge to profit or loss - Prior year adjustment	374,362	206,600	374,362	206,600
Charge to profit or loss - Current year	76,802	22,106	-	-
Credit to retained earnings recognised - Initial application of IFRS 9	-	(381,826)	-	(282,918)
	(3,121,382)	**(2,216,604)**	**(3,198,184)**	**(2,139,802)**
Deferred tax liabilities/(assets)				
Accelerated depreciation	50,549,643	49,788,585	50,596,734	49,880,092
Provision for expected credit losses	(763,147)	(343,026)	(837,956)	947
ECL on initial application of IFRS 9	(705,882)	(705,882)	(282,918)	(282,918)
Provision for obsolete inventories	(2,809,741)	(2,472,064)	(2,805,707)	(2,468,030)
Leave pay accrual	(221,487)	(264,613)	(221,487)	(264,613)
Loss on remeasurement of PIC loan	(1,478,385)	(1,478,385)	(1,478,385)	(1,478,385)
Litigation accruals	(59,520)	(18,000)	(59,520)	(18,000)
Net unrealised foreign exchange losses on PIC loan	(10,347,553)	(11,065,669)	(10,347,553)	(11,065,669)
Impairment of treasury shares/amount due from Trust	(88,131)	-	(88,131)	-
Unrealised foreign exchange losses - other	(501,871)	(390,865)	(501,871)	(402,310)
Unrealised foreign exchange gains - other	14,175	-	12,671	-
Unrealised forex loss on forward exchange contracts	(134,469)	-	(134,469)	-
Losses on interest rate cap	(1,470,094)	-	(1,470,094)	-
Bonus accruals	(46,055)	(469,010)	-	(448,032)
Current income tax losses carried forward	(30,780,716)	(28,016,264)	(30,577,910)	(28,016,264)
Impairment of bank balance in CDEAL Burundi	(53,262)	(53,262)	-	-
Accrual for volume rebates	(271,681)	(706,911)	(271,681)	(706,911)
	831,824	3,804,634	1,531,723	4,729,907
Deferred tax asset not recognised				
CDEAL - Tanzania	649,291	718,407	-	-
CDEAL - Rwanda	(2,654)	-	-	-
CDEAL - Burundi	53,262	53,262	-	-
	699,899	**771,669**	**-**	**-**
Deferred tax asset recognised				
CDEAL - Rwanda	-	76,802	-	-
Net deferred tax liability recognised	**1,531,723**	**4,653,105**	**1,531,723**	**4,729,907**

SIMBA CEMENT
STRENGTH WITHIN

INCOME TAX *(Cont)*

(b) Net deferred tax liability - recognised ***(Cont)***

The net deferred 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 by the Group. The current income tax losses relating to the unrecognised deferred tax assets 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:

	Notes	Group		Company	
		2019 %	2018 %	2019 %	2018 %
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*		21.79	14.99	18.22	15.49
- Alternative minimum tax		8.20	5.52	6.86	5.71
- Deductible expenditures not charged to profit or loss**		(14.24)	-	(9.87)	-
- Deferred tax credit not recognised		(2.87)	2.44	-	-
- Net gain on derivative instruments		-	(3.83)	-	(3.96)
- Adjustments in respect of prior years current tax		0.24	6.69	-	6.92
- Profit on sale of non-qualifying assets		-	(0.00)	-	(0.03)
- Adjustments in respect of prior years deferred tax		2.71	1.79	2.27	1.85
Effective tax rate		**(14.16)**	**(2.40)**	**(12.52)**	**(4.02)**

*The following are some of the items included in expenses not deductible for tax purposes: impairment charge on investment in other entities; certain accrued indirect tax expenses which are not deductible for tax purposes; expenses relating assets that don't qualify for tax allowances; employment related expenses not deductible for tax purposes; donations; public relations and related expenses; among others.

**This relates to rental expenses allowed for income tax basing on contractual amounts payable during the year rather than amounts charged to profit or loss basing on IFRS 16.

(d) Income tax recoverable

	Notes	Group		Company	
		2019 TZS'000	2018 TZS'000	2019 TZS'000	2018 TZS'000
At 1 January		(1,634,436)	(2,303,416)	(1,430,579)	(2,129,325)
Payment made during the year		(2,070,442)	(796,991)	(2,038,988)	(640,085)
Withholding tax - tax deducted at source		(42,809)	(23,023)	-	-
Utilisation of tax deposits in other receivables		(40,420)	(69,482)	(40,420)	(69,482)
Current income tax expense - prior year adjustment	14(a)	32,968	772,026	-	772,026
Income tax expense - current year	14(a)	1,132,784	786,452	1,132,784	636,287
At 31 December		**(2,622,355)**	**(1,634,434)**	**(2,377,203)**	**(1,430,579)**

SIMBA CEMENT
STRENGTH WITHIN

15 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:

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

There were no dilutive shares as at year-end (2018: None). As such, the basic and diluted earnings per share were the same as indicated below.

	Notes	Group	
		2019 TZS'000	2018 TZS'000
Loss attributable to ordinary shareholders (TZS' 000)		(11,852,548)	(11,258,743)
Total weighted average number of ordinary shares	28	63,671,045	63,671,045
Treasury shares		(703,152)	(703,152)
Basic and diluted weighted average number of ordinary shares less treasury shares		62,967,893	62,967,893
Basic loss per share (TZS/share)		**(188)**	**(179)**

16 PROPERTY, PLANT AND EQUIPMENT

(a) GROUP

	Notes	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 2019		35,099,401	403,399,736	3,320,016	2,417,863	6,054,634	450,291,650
Additions		249,153	1,212,365	162,561	-	1,155,718	2,779,797
Additions to standby spares		-	623,223	-	-	-	623,223
Transfer from investment property	18	828,724	-	-	-	-	828,724
Translation difference		-	33,503	66,699	19,172	-	119,374
Transfer from CWIP		-	1,976,830	-		(1,976,830)	-
Transfer to non-current assets held-for-sale	27	-	(11,412)	(23,613)	(9,032)	-	(44,057)
Disposals		-	(1,548,807)	(56,371)	(646,604)	-	(2,251,812)
At 31 December 2019		**36,177,278**	**405,685,378**	**3,469,292**	**1,781,399**	**5,233,522**	**452,346,868**
Depreciation and impairment							
At 1 January 2019		9,992,743	89,223,708	2,509,058	1,300,362	-	103,025,871
Charge for the year		871,604	17,988,647	172,952	265,242	-	19,298,445
Transfer from investment property	18	308,671	-	-	-	-	308,671
Disposals		-	(1,520,128)	(165,102)	(203,889)	-	(1,889,119)
Translation differences		-	40,947	67,733	18,281		126,961
Transfer to non-current assets held-for-sale	27	-	(9,746)	(21,697)	(8,744)	-	(40,187)
At 31 December 2019		**11,173,018**	**105,723,428**	**2,562,944**	**1,371,252**	**-**	**120,830,642**
Net carrying amount							
At 31 December 2019		**25,004,260**	**299,961,950**	**906,348**	**410,147**	**5,233,522**	**331,516,226**
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
Transfer to investment property	18	(2,028,714)			-		(2,028,714)
Disposals		(6,000)	(1,961,699)	(309,605)	(2,250)	-	(2,279,554)
Translation differences		-	33,961	71,474	21,602	-	127,037
At 31 December 2018		**35,099,401**	**403,399,736**	**3,320,016**	**2,417,863**	**6,054,634**	**450,291,650**

SIMBA CEMENT
STRENGTH WITHIN

16 PROPERTY, PLANT AND EQUIPMENT *(cont)*

(a) GROUP

	Notes	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
Depreciation							
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
Disposal		(5,385)	(1,700,149)	(309,581)	(2,250)	-	(2,017,365)
Translation differences		-	35,000	70,353	21,774	-	127,127
Transfer to investment property	18	(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**

Information relating to property, plant and equipment:

i) The property, plant and equipment are pledged as security for facilities provided by NBC Limited, Standard Chartered Bank Limited , Stanbic Bank (Tanzania) Limited and Government Employees Pension Fund of South Africa. Refer to Note 31 for further disclosures.

ii) Included in plant and machinery as at 31 December 2019 is TZS 5.6 billion (2018: TZS 5.8 billion) relating to standby equipment or significant components thereof (insurance spares) transferred from inventories to plant, machinery and equipment.

iii) No significant item of property, plant and equipment was temporarily idle/not in use as at 31 December 2019 (2018: None).

iv) Land comprised of the cost incurred in acquiring certificates of occupancy of land held by the Group. The cost was not depreciated as the estimated residual value of the land occupancy rights was expected to be at least equal to the cost.

v) 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.

(b) COMPANY

Cost	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
At 1 January 2019	31,662,774	403,417,964	2,613,243	1,838,069	6,054,633	445,586,683
Additions	249,153	1,212,366	162,561	-	1,155,718	2,779,798
Additions to standby spares	-	623,223	-	-	-	623,223
Transfer from CWIP	-	1,976,830		-	(1,976,830)	-
Disposals	-	(1,459,424)	(2,160)		-	(1,461,584)
At 31 December 2019	**31,911,927**	**405,770,959**	**2,773,644**	**1,838,069**	**5,233,521**	**447,528,120**

SIMBA CEMENT
STRENGTH WITHIN

16 PROPERTY, PLANT AND EQUIPMENT*(Cont)*

(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
Depreciation						
At 1 January 2019	6,944,033	88,939,260	1,695,194	1,164,225	-	98,742,712
Charge for the year	845,601	17,984,418	172,283	263,697	-	19,265,999
Disposals	-	(1,114,848)	(181)	-	-	(1,115,029)
At 31 December 2019	**7,789,634**	**105,808,830**	**1,867,296**	**1,427,922**	**-**	**116,893,682**
Net carrying amount						
At 31 December 2019	**24,122,293**	**299,962,129**	**906,348**	**410,147**	**5,233,521**	**330,634,438**
Cost						
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**

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

17 RIGHT-OF-USE ASSETS

The Group has lease contracts for the quarry fleet, office space, printers, warehouses and residential houses with lease terms of between 1 and 4 years. The Company also has land occupancy certificates with terms of 99 years. These lease arrangements have been accounted for in accordance with IFRS 16. The Group's obligations under the leases are secured by the lessors' title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets except for the land occupancy rights. The lease contracts include extension and termination options as discussed further below.

The Group also has certain leases with lease terms of 12 months or less and some with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of the right-of-use assets recognised and the movements during the year:

Company	Notes	Quarry fleet	Leased space	Land occupancy rights	Printers	Total
		TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'
Cost						
At 1 January 2019		-	-	-	-	-
Initial application of IFRS 16	29	10,708,047	506,897	4,104,347	244,860	15,564,151
Reclassification from prepayments		-	64,182	306,095	-	370,277
At 1 January 2019 - Restated		**10,708,047**	**571,079**	**4,410,442**	**244,860**	**15,934,428**
Additions	29	-	919,610	-	-	919,610
At 31 December 2019		**10,708,047**	**1,490,689**	**4,410,442**	**244,860**	**16,854,038**
Depreciation						
At 1 January 2019		-	-	-	-	-
Depreciation charge		(4,272,901)	(489,630)	(64,928)	(65,851)	(4,893,310)
At 31 December 2019		(4,272,901)	(489,630)	(64,928)	(65,851)	(4,893,310)
Net carrying amount						
At 31 December 2019		**6,435,146**	**1,001,059**	**4,345,514**	**179,009**	**11,960,728**

Group	Notes	Quarry fleet	Leased space	Land occupancy rights	Printers	Total
		TZS '000'	TZS '000'	TZS '000'	TZS '000'	TZS '000'
Cost						
At 1 January 2019		-	-	-	-	-
Initial application of IFRS 16	29	10,708,047	701,908	4,104,347	244,860	15,759,162
Transfer from investment property	18	-	-	129,877	-	129,877
Reclassification from prepayments		-	83,722	306,095	-	389,817
At 1 January 2019 - Restated		**10,708,047**	**785,630**	**4,540,319**	**244,860**	**16,278,856**
Additions	29	-	919,610	-	-	919,610
At 31 December 2019		**10,708,047**	**1,705,240**	**4,540,319**	**244,860**	**17,198,466**
Depreciation						
At 1 January 2019		-	-	-	-	-
Depreciation charge		(4,272,901)	(609,877)	(64,928)	(65,851)	(5,013,557)
At 31 December 2019		(4,272,901)	(609,877)	(64,928)	(65,851)	(5,013,557)
Net carrying amount						
At 31 December 2019		**6,435,146**	**1,095,363**	**4,475,391**	**179,009**	**12,184,909**

17 RIGHT-OF-USE ASSETS*(Cont)*

Leased space comprise of leased residential houses, office space and warehouses.

The following are the amounts recognised in profit or loss:

	Notes	Group 2019 TZS' 000'	Group 2018 TZS' 000'	Company 2019 TZS' 000'	Company 2018 TZS' 000'
Depreciation expense of right-of-use assets		(5,013,557)	-	(4,893,310)	-
Interest expense on lease liabilities	29	(1,418,478)	-	(1,389,426)	-
Expense relating to short-term leases (included in cost of sales)		(47,913)	-	-	-
Total amount recognised in profit or loss		**(6,479,948)**	**-**	**(6,282,736)**	**-**

The expenses charged to profit or loss by the Group and the Company in respect of operating leases in 2018 are included in the rental expenses disclosed in Note 10.

Cash outflows on lease arrangements

	Notes	Group 2019 TZS' 000'	Group 2018 TZS' 000'	Company 2019 TZS' 000'	Company 2018 TZS' 000'
Payments relating to the recognised lease liabilities	29	(6,166,446)	-	(6,043,769)	-
Payments for short-term leases		(47,913)	-	-	-
		(6,214,359)	**-**	**(6,043,769)**	**-**
Non-cash additions to right-of-use assets and lease liabilities		919,610	-	919,610	-

The Group does not have lease contract that contains variable payments or leases that had not yet commenced.

The Group has contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see Note 3).

Following the director's resolution to cease CDEAL Rwanda operations, it is not expected that the extension options in the CDEAL Rwanda leases will be exercised. These options were not considered in determining the terms for these leases.

18 INVESTMENTS PROPERTY

	Notes	Group 2019 TZS'000	Group 2018 TZS'000	Company 2019 TZS'000	Company 2018 TZS'000
Cost					
At 1 January		2,028,714	-	-	-
Transfer from property, plant and equipment	16	-	2,028,714	-	-
Transfer to property, plant and equipment	16	(828,724)	-	-	-
Transfer to right-of-use assets	17	(129,877)	-	-	-
Additional investment		-	-	-	-
At 31 December		**1,070,113**	**2,028,714**	**-**	**-**
Depreciation					
At 1 January		(772,844)	-	-	-
Transfer from property, plant and equipment	16	-	(644,797)	-	-
Transfer to property, plant and equipment	16	308,671	-	-	-
Charge for the year		(22,728)	(85,233)	-	-
De-recognition		-	(42,814)	-	-
At 31 December		**(486,901)**	**(772,844)**	**-**	**-**
Net carrying amount		**583,212**	**1,255,870**	**-**	**-**

The investment property comprises three commercial properties located in Arusha, Kilimanjaro and Mwanza. Management determined that the investment property consists of one class of asset, warehouses, based on the nature, characteristics and risks. Before 2018, the property was previously owner occupied and hence recognised as part of property, plant and equipment. Following the change in the Group's business model in 2018, the properties were 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.

In 2019, the Moshi property was leased by the subsidiary to the Company and was hence thereafter owner occupied in the context of the Group. Consequently, in 2019, the cost and accumulated depreciation of the Moshi warehouse was transferred to property, plant and equipment while the land occupancy rights were transferred to right-of-use assets.

The fair value of the two remaining investment property as at year-end was estimated at TZS 2,798 million (2018: three investment property 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 occupancy rights 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.

18 INVESTMENTS PROPERTY *(cont)*

Group

	Group		Company	
	2019		2018	
Square meters	2,899	2,899	6678	6678
Cost per square meter (TZS'000)	829	829	450	450
Change (%)	-5%	+5%	-5%	+5%
Change in cost per square meter (TZS'000)	-41	41	-23	23
Change in value (TZS'000)	(120,175)	120,175	(150,255)	150,255

	Group		Company	
	2019 TZS' 000'	2018 TZS' 000'	2019 TZS' 000'	2018 TZS' 000'
Rental income derived from investment property	73,584	213,226	-	-
Direct operating expenses (including repairs and maintenance) on investment property that generated rental income.	(800)	(4,199)	-	-

The Group has no 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 an option to renew. The agreements are cancellable with notice of three months. No contingent rent was recognised during the year (2018: None).

19 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.

(b) Goodwill

Cost				
At 1 January	7,444,384	7,444,384	-	-
Changes in goodwill	-	-	-	-
At 31 December	**7,444,384**	**7,444,384**	**-**	**-**
Impairment				
At 1 January	(7,444,384)	(7,444,384)	-	-
Impairment charge	-	-	-	-
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 2019 and 31 December 2018 was Nil.

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

	Group		Company	
	2019 TZS' 000'	2018 TZS' 000'	2019 TZS' 000'	2018 TZS' 000'
20 INVESTMENTS				
(a) Investment in subsidiary				
Cost				
At 1 January	-	-	11,596,812	11,596,812
Additional investment	-	-	-	-
At 31 December	**-**	**-**	**11,596,812**	**11,596,812**
Impairment				
At 1 January	-	-	(9,849,836)	(9,849,836)
Impairment charge for the year	-	-	(1,194,412)	-
At 31 December	**-**	**-**	**(11,044,248)**	**(9,849,836)**
Net carrying amount	**-**	**-**	**552,564**	**1,746,976**

The principle activity of the subsidiary was distribution of cement produced by the Company. However, the Group made a decision to change its distribution model due to changes in the market conditions whereby the Company started selling directly to third party customers without using the subsidiary as the major distributor. Furthermore, following on from this, the subsidiary's subsidiary, CDEAL Rwanda, ceased operations and the directors intend to wind it up once the necessary legal, regulatory and other procedures are completed. Going forward, the subsidiary's business will be leasing of its investment property and offering related services. This restructuring of the subsidiary's business was assessed as an impairment indicator as at year-end.

The impairment testing was done at the subsidiary level as one cash generating unit, consistent with the impairment testing done in prior periods. The recoverable amount was determined as the value-in-use. The most recent forecasts were used in determining the value-in-use. The forecasts used reflect past experience as adjusted to reflect subsequent changes in the business model of CDEAL and take into consideration relevant external and business environment factors like inflation, changes in the competitive landscape and the impact of changes in foreign exchange rates. The forecasts cover a period of 4 years. The discount rate used was 16.04% and a projected long term growth rate of 5.50% (based on long term projected inflation rate of 5.50%) was used to determine the terminal value.

The value-in-use was most sensitive to the discount rate and long term growth rate. The sensitivity of the changes in the impairment charge due to changes in the discount rate and long-term growth rate are indicated below:

		Discount rate	Long-term growth rate	Net impact
		TZS' 000'	TZS' 000'	TZS' 000'
Change	+100 basis points	23	(21)	2
	-100 basis points	(30)	21	(9)

At Group level, the impairment of the investment in the subsidiary did not result into impairment of the subsidiary's assets that are consolidated as the recoverable amount of the consolidated net assets continues to be higher than the net carrying amount.

20 **INVESTMENTS *(Cont)***

(b) Equity investment

This related to 5% of the issued share capital of EARHL. The principal activity of EARHL is transportation of cement manufactured by the Company by railway in Tanzania. The Company disposed off the investment during the year for consideration of TZS 228,460,000 (USD 100,000).

	Group		Company	
	2019 TZS' 000'	2018 TZS' 000'	2019 TZS' 000'	2018 TZS' 000'
At 1 January	100	100	100	100
Disposal	(100)	-	(100)	-
At 31 December	**-**	**100**	**-**	**100**

(c) Other disclosures on interests in other entities

There are no significant restrictions on the ability of the Group to access or use the assets and settle liabilities of investees except for the bank balance held by CDEAL Burundi which the Group has been unable to utilise because of foreign exchange controls. Refer to Note 26 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 2019 and 2018 except as disclosed in note (b) above.

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

21 **FINANCIAL ASSET - INTEREST RATE CAP**

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

	Group		Company	
	2019 TZS' 000'	2018 TZS' 000'	2019 TZS' 000'	2018 TZS' 000'
At 1 January	6,466,965	4,994,316	6,466,965	4,994,316
Fair value (loss)/gain	(4,900,313)	1,458,746	(4,900,313)	1,458,746
Foreign exchange gain	20,084	13,903	20,084	13,903
At 31 December	**1,586,736**	**6,466,965**	**1,586,736**	**6,466,965**
Net (loss)/gain on the interest rate cap	(4,880,229)	1,472,649	(4,880,229)	1,472,649

The loss/(gain) on the interest rate cap that are recognised in profit or loss under Note 13.

21 FINANCIAL ASSET - INTEREST RATE CAP *(Cont)*

The fair value measurement of the IRC is indicated below:

At 31 December 2019:	**Date**	**USD**	**TZS '000'**
Valuation	01 Jan 2019	2,239,538	6,466,965
Loss on fair value		(1,546,130)	(4,900,313)
Balance after fair value adjustment	31 Dec 2019	693,408	1,566,652
Foreign currency valuation at year end	31 Dec 2019	693,408	1,586,736
Exchange rate gain on valuation			20,084
At 31 December 2018:	**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

Refer to Note 43 for further disclosures on fair value.

22 EMPLOYEES' SHARE TRUST

	Group		**Company**	
	2019 TZS' 000'	**2018 TZS' 000'**	**2019 TZS' 000'**	**2018 TZS' 000'**
At 1 January	450,016	913,922	450,016	913,922
Refunds received	-	(70,140)	-	(70,140)
Advances paid during the year	-	4,215	-	4,215
Changes in treasury shares	(28,126)	(397,981)	-	-
Impairment of the amount due from the Trust	-	-	(28,126)	(397,981)
At 31 December	**421,890**	**450,016**	**421,890**	**450,016**
Refunds				
At 1 January	-	(53,440)	-	(53,440)
Received during the year	-	(16,700)	-	(16,700)
At 31 December	-	(70,140)	-	(70,140)
Impairment				
At 1 January	(1,337,841)	(939,860)	(1,337,841)	(939,860)
Charge for the year	(28,126)	(397,981)	(28,126)	(397,981)
At 31 December	**(1,365,967)**	**(1,337,841)**	**(1,365,967)**	**(1,337,841)**

22 EMPLOYEES' SHARE TRUST *(cont)*

The amount was advanced to 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 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 (2018: 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 Trust until when the Trust is wound up. The Trustees resolved to close this scheme and wind up the Trust once the necessary legal and regulatory procedures are completed.

	Group		Company	
23 INVENTORY	**2019 TZS' 000'**	**2018 TZS' 000'**	**2019 TZS' 000'**	**2018 TZS' 000'**
Raw materials (at cost)	21,294,606	15,123,258	21,294,606	15,123,258
Semi finished and finished products (at cost)	66,413	9,668,554	66,413	8,992,628
Fuels (at cost)	6,250,218	5,209,384	6,250,218	5,209,384
Parts and consumables (at cost)	29,957,499	23,045,579	29,957,499	23,045,579
Total cost	**57,568,736**	**53,046,775**	**57,568,736**	**52,370,849**
Provision for obsolete inventories	(9,352,358)	(8,240,214)	(9,352,358)	(8,226,767)
Total inventory at the lower of cost and net realisable value	**48,216,378**	**44,806,561**	**48,216,378**	**44,144,082**
Movement in the provision for obsolete inventory:				
At 1 January	8,240,214	7,956,858	8,226,767	7,956,858
Increase for the year	1,112,144	283,356	1,125,591	269,909
At 31 December	**9,352,358**	**8,240,214**	**9,352,358**	**8,226,767**

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 2019

Group and Company	**Amount in TZS '000'**	**% Provision**	**Provision in TZS '000'**
Inventory with no movement for the past 1 year	4,117,950	-30%	(1,235,385)
Inventory with no movement for the past 2 years	3,448,165	-50%	(1,724,083)
Inventory with no movement for the past 3+ years	7,991,113	-80%	(6,392,890)
	15,557,228		**(9,352,358)**

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23 INVENTORY ***(Cont)***

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

Group	**Amount in TZS '000'**	**% Provision**	**Provision in 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 in 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 based on experience.

During 2019, no expense was recognised for inventory carried at net realisable value (2018: Nil).

The unrealised profit for the year relating to inventory held by the subsidiary was nil (2018: TZS 86 million).

The change in inventories recognised in cost of sales as credit for the year was TZS 90,784 million (2018: debit of TZS 86,839 million).

The carrying amount of inventory has been pledged as security for borrowings. Refer to Note 31.

	Group		**Company**	
24 TRADE AND OTHER RECEIVABLES	**2019 TZS' 000'**	**2018 TZS' 000'**	**2019 TZS' 000'**	**2018 TZS' 000'**
Trade receivables	9,879,955	8,363,009	9,283,342	8,400,560
Allowance for expected credit losses (ECLs)	(3,840,916)	(2,880,757)	(3,514,023)	(756,797)
	6,039,039	5,482,252	5,769,319	7,643,763
Prepaid expenses	2,406,979	4,205,032	2,382,197	4,082,843
Other receivables	2,271,314	1,435,926	2,271,314	1,262,808
	4,678,293	5,640,958	4,653,511	5,345,651
Allowance for ECLs	(99,894)	(99,894)	(99,894)	(99,894)
	4,578,399	5,541,064	4,553,617	5,245,757
Net trade and other receivables	**10,617,438**	**11,023,316**	**10,322,936**	**12,889,520**

Other receivables include advance payments to suppliers.

	Group		Company	
	2019 TZS' 000'	2018 TZS' 000'	2019 TZS' 000'	2018 TZS' 000'
24 TRADE AND OTHER RECEIVABLES *(Cont)*				
Movement in the gross trade receivables amount:				
At 1 January	8,363,009	7,800,533	8,400,560	7,474,607
Invoices raised during the year	220,882,297	214,922,899	218,031,750	205,951,168
Payments received during the year	(219,365,351)	(214,360,423)	(217,148,968)	(205,025,215)
At 31 December	**9,879,955**	**8,363,009**	**9,283,342**	**8,400,560**
Movement in ECL				
At 1 January	2,980,651	880,874	856,691	487,132
Impact of initial application of IFRS 9	-	1,954,489	-	876,794
At 1 January - Restated	2,980,651	2,835,363	856,691	1,363,926
Recoveries	-	(4,536)	-	-
Increase/(decrease) in ECLs	960,159	149,824	2,757,226	(507,235)
At 31 December	**3,940,810**	**2,980,651**	**3,613,917**	**856,691**
The allowance for ECL is made up as follows:				
On trade receivables	3,840,916	2,880,757	3,514,023	756,797
On other receivables	99,894	99,894	99,894	99,894
	3,940,810	**2,980,651**	**3,613,917**	**856,691**

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

Trade receivables are non-interest bearing and are generally on terms of 7 days, 14 days and 30 days. The increase trade receivables is due to increase in credit sales. The increase in ECL allowances is due to increase in trade receivables and increase in the debtors past due by more than 90 days.

	Group 2019	Group 2018	Company 2019	Company 2018
Days sales outstanding were	16	14	16	15

The ageing analysis of trade receivables was as follows:

	Group 2019	Group 2018	Company 2019	Company 2018
Up to 30 days	5,138,153	4,599,050	5,138,153	6,930,671
31 - 60 days	947,590	1,219,966	520,278	612,655
61 - 90 days	510,826	367,758	381,525	251,041
91-120 days	331,469	102,517	306,469	102,517
Over 120 days	2,951,917	2,073,718	2,936,917	503,676
At 31 December	**9,879,955**	**8,363,009**	**9,283,342**	**8,400,560**

24 TRADE AND OTHER RECEIVABLES *(Cont)*

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 40.

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 been considered in the ECL allowance.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables presented above. As at year-end, the Company and the Group held bank guarantees and letters of credit as security for some of the trade and other receivables.

25 VAT RECOVERABLE

	Group		Company	
	2019 TZS' 000'	2018 TZS' 000'	2019 TZS' 000'	2018 TZS' 000'
At 1 January	132,190	6,512,432	132,190	6,477,059
Amounts utilised during the year	(132,190)	(6,380,242)	(132,190)	(6,344,869)
At 31 December	**-**	**132,190**	**-**	**132,190**

The Value Added Tax (VAT) recoverable was utilised to offset output VAT payable.

26 CASH AND BANK BALANCES

Cash on hand	27,354	38,100	27,354	38,100
Bank balances	9,164,414	17,215,672	8,790,456	16,361,168
Gross cash and bank balances	9,191,768	17,253,772	8,817,810	16,399,268
Expected credit losses:				
At 1 January	(254,245)	-	(83,215)	-
Initial impact of IFRS 9	-	(99,143)	-	(66,266)
At 1 January - restated	(254,245)	(99,143)	(83,215)	(66,266)
(Increase)/decrease for the year	(30,178)	4,871	(39,114)	(16,949)
ECL on bank balance held in CDEAL Burundi	-	(159,973)	-	-
At 31 December	(284,423)	(254,245)	(122,329)	(83,215)
		-	-	
Net carrying amount	**8,907,345**	**16,999,527**	**8,695,481**	**16,316,053**

The expected credit losses are 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 counterparties and historical S&P recovery rates were used to determine the LGD and loss rates. The bank balances are low credit risk assets (Stage 1) 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 2019 and 31 December 2018 except for the bank balance in CDEAL Burundi which was fully impaired 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:

		Notes	Group 2019 TZS' 000'	Group 2018 TZS' 000'	Company 2019 TZS' 000'	Company 2018 TZS' 000'
26	**CASH AND BANK BALANCES *(Cont)***					
	Cash and cash equivalents as above		8,907,345	16,999,527	8,695,481	16,316,053
	Bank overdrafts	31	(28,166,677)	(16,671,526)	(28,166,677)	(16,671,526)
	Net cash and cash equivalents		**(19,259,332)**	**328,001**	**(19,471,196)**	**(355,473)**
	Undrawn borrowing facilities - overdraft facilities					
	Standard Chartered Bank		777,032	1,272,936	777,032	1,272,936
	National Bank of Commerce (NBC)		115,796	115,796	115,796	1,194,999
	Stanbic Bank (Tanzania) Limited*		1,532,495	11,405,000	1,532,495	11,405,000
			2,425,323	**12,793,732**	**2,425,323**	**13,872,934**

*USD 5 million overdraft facility approved by the bank in 2018. The senior lender approved use of this facility in 2019.

		Notes	Group 2019	Group 2018	Company 2019	Company 2018
27	**NON-CURRENT ASSETS HELD-FOR-SALE**					
	Cost					
	At 1 January		-	-	-	-
	Transfer from property, plant and equipment	16	3,870	-	-	-
	At 31 December		**3,870**	**-**	**-**	**-**

This relates to the CDEAL Rwanda property and equipment which is held for sale following the resolution of the directors to cease operations and realise the assets. CDEAL Rwanda is currently dormant and there is a plan to wind it up once all statutory procedures have been completed.

		Group 2019	Group 2018	Company 2019	Company 2018
28	**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 (2018: None). 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:

	Group 2019	Group 2018	Company 2019	Company 2018
	%	%	%	%
AfriSam (Mauritius) Investment 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**

29 LEASE LIABILITIES

Set out below are the carrying amounts of lease liabilities and the movements during the year:

	Group		Company	
	2019 TZS' 000'	2018 TZS' 000'	2019 TZS' 000'	2018 TZS' 000'
At 1 January	-	-	-	-
Initial application of IFRS 16	15,759,162	-	15,564,151	-
At 1 January - restated	**15,759,162**	**-**	**15,564,151**	**-**
Additions	919,610	-	919,610	-
Accretion of interest	1,418,478	-	1,389,426	-
Payments - interest	(1,249,127)	-	(1,230,758)	-
Payments - principal	(4,917,319)	-	(4,813,011)	-
At 31 December	**11,930,804**	**-**	**11,829,418**	**-**
Maturity analysis of the lease liabilities:				
Current	4,530,368	-	4,458,538	-
Non-current	7,400,436	-	7,370,880	-
	11,930,804	**-**	**11,829,418**	**-**

The following are the minimum lease payment commitments considered under IFRS 16:

	Group 2019	Group 2018	Company 2019	Company 2018
Relating to recognised liabilities				
Present value of minimum lease commitments	11,930,804	-	11,829,418	-
Future finance costs	47,348,487	-	47,330,174	-
Minimum lease commitments	**59,279,291**	**-**	**59,159,592**	**-**
Short term lease contracts				
Minimum lease commitments	47,913	-	-	-
Total lease commitments	**59,327,204**	**-**	**59,159,592**	**-**
Maturity analysis of lease commitments:				
- Within one year	11,990,924	4,374,703	11,858,269	4,219,668
- Within two to five years	6,654,215	8,752,334	6,619,258	8,752,334
- After five years	40,682,065	-	40,682,065	-
	59,327,204	**13,127,037**	**59,159,592**	**12,972,002**

Further details on the maturity analysis of the lease liabilities are disclosed in Note 40.

The Group and the Company have no significant leasing arrangements with restrictions or purchase options (2018: None). The leases have no escalation clauses.

29 LEASE LIABILITIES *(Cont)*

The minimum lease payments were discounted using the following incremental borrowing rates:

	Maturity	2019		
		Company	CDEAL Tanzania	CDEAL Rwanda
Residential houses	November 2021	7% and 12%	20%	18% and 20%
Warehouses	May 2022	13%	-	16% and 20%
Office space	December 2020	7%	-	-
Quarry fleet	March 2022	7% and 8%	-	-
Land	June 2116	15%	-	-
Printers	December 2023	13% and 14%	-	-

30 PROVISION FOR SITE RESTORATION

	Group		Company	
	2019 TZS' 000'	2018 TZS' 000'	2019 TZS' 000'	2018 TZS' 000'
At 1 January	26,057	25,077	26,057	25,077
Additional provision during the year	874	980	874	980
At 31 December	**26,931**	**26,057**	**26,931**	**26,057**

The provision for site restoration is calculated at every reporting date basing on the costing 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 17.52% (2018: 19.14%).
- The site is of medium risk and medium sensitivity.
- Tanzania inflation rate used was 3.5% (2018: 5.5%).
- The estimated actual site restoration cost assuming closure happened as at year-end was TZS 4.5 billion (2018: TZS 4.1 billion).

31 INTEREST - BEARING BORROWINGS

The details of the external borrowing facilities as at year-end were as set out below:

(a) Government Employees Pension Fund (SAGEPF)

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

31 INTEREST - BEARING BORROWINGS *(Cont)*	Group		Company	
	2019 TZS' 000'	2018 TZS' 000'	2019 TZS' 000'	2018 TZS' 000'
At 1 January	223,851,073	224,909,748	223,851,073	224,909,748
Interest accrued	15,784,821	16,028,692	15,784,821	16,028,692
Impact of re-measurement on changes in terms	-	4,927,949	-	4,927,949
Loan repayment	(31,230,693)	(5,275,673)	(31,230,693)	(5,275,673)
Interest paid	(17,065,716)	(21,229,544)	(17,065,716)	(21,229,544)
Foreign exchange differences	1,275,798	4,489,901	1,275,798	4,489,901
At 31 December	**192,615,283**	**223,851,073**	**192,615,283**	**223,851,073**
Less: Current portion	(39,916,316)	(35,153,065)	(39,916,316)	(35,153,065)
Non current portion	**152,698,967**	**188,698,008**	**152,698,967**	**188,698,008**

	Group and Company				
Facility	**Loan type**	**Interest rate**	**Maturity**	**2019 TZS' 000'**	**2018 TZS' 000'**
USD 60 million PIC term loan A and USD 52 million PIC term loan B					
2019: USD 48,000,000 (2018: USD 57,000,000)	Loan A	6 months US Libor +3.9%	By September 2026	81,618,240	96,921,498
2019: USD 32,557,620 (2018: USD 37,209,708)	Loan B	6 months US Libor +4.5%	By September 2025	64,554,924	73,778,709
Re-measurement loss on change in terms				4,927,949	4,927,949
			Fx revaluation at year end	38,151,872	44,210,962
Total principal amount				**189,252,985**	**219,839,118**
Interest accrued				3,362,888	4,011,955
Total amount outstanding				**192,615,872**	**223,851,073**
The current portion is made up as follows:					
Principal amount				36,553,428	31,141,110
Interest accrued				3,362,888	4,011,955
				39,916,316	**35,153,065**

Availed facilities	**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		

31 INTEREST - BEARING BORROWINGS *(Cont)*

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 done 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 except as agreed between the Company and lender.

(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.

(vi) 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 in 2018 resulting into a re-measurement loss 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 the name of Tanga Cement Factory, Maweni.

(iii) Legal Mortgage over Title No. 33155 registered in the name of Tanga Cement Factory, Pongwe.

(iv) Legal Mortgage over Title No. 33049 registered in the name of Tanga Cement Factory, Raskazone.

(b) Bank overdraft facilities	**Group**		**Company**	
	2019 TZS' 000'	**2018 TZS' 000'**	**2019 TZS' 000'**	**2018 TZS' 000'**
Standard Chartered Bank Tanzania Limited	8,374,968	7,866,525	8,374,968	7,866,525
National Bank of Commerce Limited (NBC)	9,884,204	8,805,001	9,884,204	8,805,001
Stanbic Bank (Tanzania) Limited	9,907,505	-	9,907,505	-
	28,166,677	**16,671,526**	**28,166,677**	**16,671,526**

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 the name of Tanga Cement Factory, shared pari passu with National Bank of Commerce Limited, Stanbic Bank (Tanzania) Limited and SAGEPF.

31 INTEREST - BEARING BORROWINGS (Cont)

Interest rate

The overdraft bears a rate of interest of 6 months LIBOR rate plus 2.75% per annum (2018: 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 (2018: 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)

	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 (2018: 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	
		2019	2018	2019	2018
32	**TRADE AND OTHER PAYABLES**	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
	Trade accounts payable	19,994,959	12,355,694	19,930,089	12,518,521
	Freight and duty clearing	3,694,548	2,695,565	3,694,548	2,695,565
	Dividend payable	907,687	912,986	907,687	912,986
	Accrued expenses	10,835,812	11,126,777	10,835,812	11,126,777
	Other payables	3,831,583	2,745,296	3,831,583	2,125,612
		39,264,589	**29,836,318**	**39,199,719**	29,379,461

The other payables balance as at year-end comprises accruals for received but not yet invoiced goods of TZS 1.1 billion and TZS 1.1 billion (2018: TZS 2.75 billion and TZS 2.13 billion) for the Group and Company respectively.

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 37.

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.

33 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.

	Group		Company	
	2019	2018	2019	2018
The contract liabilities are made up as follows:	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
Volume rebates	259,378	2,376,114	259,378	2,356,369
Advance payments from customers	3,609,339	1,857,654	3,378,683	1,600,633
	3,868,717	4,233,768	3,638,061	3,957,002
Movement in contract liabilities:				
Volume rebates				
At 1 January	2,376,114	-	2,356,369	-
Reclassification from trade and other payables	-	5,677,599	-	5,340,000
At 1 January - Restated	2,376,114	5,677,599	2,356,369	5,340,000
Rebates awarded during the year	7,912,462	2,740,962	7,912,462	2,482,411
Rebates accruals not utilised/reversals	-	(440,083)	-	(349,734)
Rebates paid during the year	(10,029,198)	(5,602,364)	(10,009,453)	(5,116,308)
At 31 December	259,378	2,376,114	259,378	2,356,369
Advances payments from customers				
At 1 January	1,857,654	-	1,600,633	-
Reclassification from trade and other payables	-	3,088,766	-	1,734,884
At 1 January - Restated	1,857,654	3,088,766	1,600,633	1,734,884
Advances received during the year	33,013,873	78,202,576	30,336,781	72,831,790
Advances amortised to revenue	(31,270,970)	(79,433,688)	(28,558,731)	(72,966,041)
At 31 December	3,600,557	1,857,654	3,378,683	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.

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34	DERIVATIVE LIABILITIES	Notes	Group		Company	
	Forward currency contracts		2019 TZS' 000'	2018 TZS' 000'	2019 TZS' 000'	2018 TZS' 000'
	National Bank of Commerce		191,950	248,622	191,950	248,622
	Standard Chartered Bank		556,635	132,144	556,635	132,144
			748,585	380,766	748,585	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.

	The nominal amount of the forward currency contracts was:					
	National Bank of Commerce		7,789,859	14,438,397	7,789,859	14,438,397
	Standard Chartered Bank		13,367,499	11,291,509	13,367,499	11,291,509
			21,157,358	25,729,906	21,157,358	25,729,906
35	**CASH GENERATED FROM OPERATING ACTIVITIES**					
	Reconciliation of operating profit to cash flows from operating activities:					
	Operating profit		12,428,188	14,869,244	9,705,986	15,187,750
	Adjusted for non cash items:					
	Gain on disposal of equity investment	7	(228,360)	-	(228,360)	-
	Depreciation charge	10	24,334,730	19,106,942	24,159,309	18,884,665
	Other unrealised charges		28,126	-	-	-
	Impairment charge	10	-	397,981	1,222,538	397,981
	Increase in ECL on bank balances	10	30,178	155,102	39,114	16,949
	Increase/(decrease) in ECL on trade receivables	10	960,159	145,288	2,757,226	(507,235)
	Gain on sale of property, plant & equipment (PPE)	10	(81,960)	(190,761)	(65,768)	(175,549)
	Loss on de-recognition of PPE and investment property	10	351,705	292,106	351,705	249,292
	Increase in provision for obsolete inventories	23	1,112,144	283,356	1,125,591	269,909
	Increase in site restoration provision	30	874	980	874	980
	Operating profit before working capital changes		**38,935,784**	**35,060,238**	**39,068,215**	**34,324,742**
	Increase in amount due from the Trust		-	(4,215)	-	(4,215)
	Increase in inventories - less provisions		(4,521,961)	(7,046,738)	(5,197,887)	(6,895,715)
	(Increase)/decrease in trade and other receivables - gross		(944,098)	3,284,559	(560,919)	2,536,358
	Decrease in VAT recoverable		132,190	6,380,242	132,190	6,344,869
	Increase in trade and other payables		9,428,271	(999,102)	9,820,258	1,381,365
	Increase in contract liabilities		(365,051)	4,233,768	(318,941)	3,957,002
	Cash generated from operating activities		**42,665,135**	**40,908,752**	**42,942,916**	**41,644,406**

36 DIVIDENDS

No dividend was proposed, approved or paid during the year (2018: None).

Previously, any dividends not claimed after seven years were rescinded. In 2018, the 2010 unclaimed dividends amounting to TZS 41.3 million were rescinded. The policy was rescinded during the year following the Capital Market Security Authority published guidance. As such, no dividends were rescinded during the year.

37 RELATED PARTY DISCLOSURES

Refer to Note 42 for the disclosures on the ultimate holding company.

(a) Sales to related parties

Related party	Relationship	Group 2019 TZS' 000'	Group 2018 TZS' 000'	Company 2019 TZS' 000'	Company 2018 TZS' 000'
CDEAL - Cement sales	Subsidiary	-	-	9,139,561	57,458,826
CDEAL - Management services fees	Subsidiary	-	-	-	72,010

(b) Purchases from related parties

Related party	Relationship	Group 2019 TZS' 000'	Group 2018 TZS' 000'	Company 2019 TZS' 000'	Company 2018 TZS' 000'
CDEAL - Transportation services	Subsidiary	-	-	144,162	7,504,404
CDEAL - Marketing fees	Subsidiary	-	-	475,747	1,732,336
AfriSam South Africa (Pty) Ltd - Reimbursable expenses	Sister company	2,534,626	1,412,047	2,534,626	1,412,047
PIC (SAGEPF) - interest expense	Shareholder	15,784,821	16,028,692	15,784,821	16,028,692
PIC (SAGEPF) - principal loan and interest payment	Shareholder	48,296,409	26,505,217	48,296,409	26,505,217

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 (2018: 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.

Compensation for key management personnel	Group 2019 TZS' 000'	Group 2018 TZS' 000'	Company 2019 TZS' 000'	Company 2018 TZS' 000'
Short-term employee benefits (salary)	4,386,012	4,386,012	3,921,313	3,921,313
Post-employee benefits (Defined contribution plans)	354,833	354,833	383,077	383,077
	4,740,845	**4,740,845**	**4,304,390**	**4,304,390**

The amounts disclosed above are the amounts recognised as expenses during the reporting period related to key management personnel. As at 31 December 2019, there was no outstanding amount with key management personnel (2018: Nil).

37 **RELATED PARTY DISCLOSURES**
(Cont)

	Group		Company	
	2019	2018	2019	2018
Directors' emoluments	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
Non-executive Chairman	32,644	30,323	32,644	30,323
Non-executive Directors	88,437	115,694	88,437	115,694
Executive Directors (included in key management personnel above)	2,476,832	2,083,729	2,476,832	2,083,729
	2,597,913	**2,229,746**	**2,597,913**	**2,229,746**

As at 31 December 2019, there were no outstanding balance with the directors (2018: Nil).

(d) Amounts due to/from related parties

Balances due to/from related parties were as follows:

	Group 2019	Group 2018	Company 2019	Company 2018
Due from related parties				
Due from the Trust	-	-	421,890	450,016
Cement Distributors (EA) Limited	-	-	1,297,894	4,316,503
Due to related companies				
Cement Distributors (EA) Limited	-	-	557,076	159,186
PIC (SAGEPF) - term loan	192,615,283	223,851,073	192,615,283	223,851,073
AfriSam South Africa (Pty) Limited	1,404,971	261,358	1,404,971	261,358

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 31.

The increase/(decrease) in expected credit losses on amounts due from related parties was as follows:

	Group 2019	Group 2018	Company 2019	Company 2018
Cement Distributors (E.A) Limited	-	-	1,298,974	(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.

38 **COMMITMENTS**

Capital commitments

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

	Group 2019	Group 2018	Company 2019	Company 2018
Approved and contracted for :				
Capital projects	597,382	137,355	597,382	137,355

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 scheme replaced the previous 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.

38 COMMITMENTS*(Cont)*

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 on 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 2019, A = ((600-1,360) x 703,000) - (1,360x703,000) = (534,280,000)

As at 31 December 2018, A = ((640-1,360) x 703,000) - (1,360x703,000) = (506,160,000)

As such, no liability was recognised in 2019 and 2018 as the appreciation value was below the allocation value.

39 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 2019 and 31 December 2018.

The Group and the 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, lease liabilities, 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	
		2019	2018	2019	2018
	Note	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
Lease liabilities	29	11,930,804	-	11,829,418	-
Bank overdrafts	31	28,166,677	16,671,526	28,166,677	16,671,526
Term borrowings	31	192,615,283	223,851,073	192,615,283	223,851,073
Trade and other payables	32	39,264,589	29,836,318	39,199,719	29,379,461
Less: Cash and bank balances	26	(8,907,345)	(16,999,527)	(8,695,481)	(16,316,053)
Net debt		**263,070,008**	**253,359,390**	**263,115,616**	**253,586,007**
Total capital		138,085,160	149,932,129	137,011,957	151,424,660
Capital and net debt		**401,155,168**	**403,291,519**	**400,127,573**	**405,010,667**
Gearing ratio		**66%**	**63%**	**66%**	**63%**

The Group's and Company's policy is to maintain a gearing ratio of below 80%.
The Company was complaint with the tax covenants in the term loan agreement as at 31 December 2019(2018:Complaint)

40 FINANCIAL RISK MANAGEMENT

The Group's and the Company's financial assets are categorised as debt instruments at amortised cost ("at amortised cost") except for the interest rate cap and equity investment classified as at fair value through profit or loss ("FVTPL") on initial recognition. All the Group's financial liabilities are classified as financial liabilities measured at amortised cost ("at amortised cost") except for the forward currency contracts derivatives which are classifed as at fair value through profit or loss (FVTPL) on initial recognition. The carrying amounts of these financial instruments are presented below:

	Group			Company		
At 31 December 2019	Amortised cost	FVTPL	Total	Amortised cost	FVTPL	Total
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
Financial assets						
Financial asset - Interest rate cap	-	1,586,736	1,586,736	-	1,586,736	1,586,736
Due from employees' share trust	-	-	-	421,890	-	421,890
Trade and other receivables	8,210,459	-	8,210,459	7,940,739	-	7,940,739
Cash and bank balances	8,907,345	-	8,907,345	8,695,481	-	8,695,481
	17,117,804	**1,586,736**	**18,704,540**	**17,058,110**	**1,586,736**	**18,644,846**
Financial liabilities						
Lease liabilities	11,930,804	-	11,930,804	11,829,418	-	11,829,418
Term borrowings	192,615,283	-	192,615,283	192,615,283	-	192,615,283
Trade and other payables	38,068,497	-	38,068,497	38,003,627	-	38,003,627
Derivative liabilities	-	748,585	748,585	-	748,585	748,585
Bank overdrafts	28,166,677	-	28,166,677	28,166,677	-	28,166,677
	270,781,261	**748,585**	**271,529,846**	**270,615,005**	**748,585**	**271,363,590**
At 31 December 2018						
Financial assets						
Equity investment	-	100	100	-	100	100
Financial asset - Interest rate cap	-	6,466,965	6,466,965	-	6,466,965	6,466,965
Due from employees' share trust	-	-	-	450,016		450,016
Trade and other receivables	6,818,284	-	6,818,284	8,806,677	-	8,806,677
Cash and bank balances	16,999,527	-	16,999,527	16,316,053		16,316,053
	23,817,811	**6,467,065**	**30,284,876**	**25,572,746**	**6,467,065**	**32,039,811**
Financial liabilities						
Term borrowings	223,851,073	-	223,851,073	223,851,073	-	223,851,073
Trade and other payables	29,179,226	-	29,179,226	28,722,369	-	28,722,369
Derivative liabilities	-	380,766	380,766	-	380,766	380,766
Bank overdrafts	16,671,526	-	16,671,526	16,671,526	-	16,671,526
	269,701,825	**380,766**	**270,082,591**	**269,244,968**	**380,766**	**269,625,734**

Financial risk management policies

The Group does enter into derivative transactions for trading purposes. The main purpose of the Group's financial liabilities is to raise finance for the Group's operations except for the derivative financial liabilities (forward currency contracts) which are hedging instruments against foreign exchange rate fluctuations on the SAGEPF (PIC) loan repayments. The Group's financial assets arise directly from operations except for the derivative financial asset (interest rate cap) which is a hedging instrument against interest rate fluctuations on the SAGEPF (PIC) loan.

The main risks arising from the Company's and the 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 the Group do not have significant exposure to price risk since no price sensitive financial instruments are held.

40 FINANCIAL RISK MANAGEMENT *(Cont)*

Policies are reviewed and agreed upon at the 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 the Company comprise of two types of risks: interest rate risk and foreign currency risk.

The sensitivity analysis in the following sections relate to the positions as at 31 December in 2019 and 31 December 2018. 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 is done for financial instruments.

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 the 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 80.6 million resulting in an unhedged debt amount of USD 35.6 million, which was 44.17% of the principal term loan debt as at year-end. 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 in profit before tax of an instantaneous increase and decrease of 100 basis points (1%) in market interest rates on variable interest rate bearing financial instruments with all other variables remaining constant. The calculations are determined with reference to the total unhedged outstanding term loan balances for the year. This represents no change in the method and assumptions used in the prior year. 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 used for purposes of comparative sensitivity analysis.

	Effect on loss before tax		Effect on equity	
2019 Group and Company	1% increase	1% decrease	1% increase	1% decrease
	TZS'000'	TZS'000'	TZS'000'	TZS'000'
Variable interest bearing financial instruments				
Term borrowings	(896,586)	896,586	(627,610)	627,610
Bank overdraft	(281,667)	281,667	(197,167)	197,167
	(1,178,252)	**1,178,252**	**(824,777)**	**824,777**
2018 Group and Company				
Term borrowings	1,211,957	(1,211,957)	848,370	(848,370)
Bank overdraft	(166,715)	166,715	(116,701)	116,701
	1,045,242	**(1,045,242)**	**731,669**	**(731,669)**

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

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

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40 FINANCIAL RISK MANAGEMENT *(Cont)*

	On demand TZS' 000'	1 - 12 months TZS' 000'	1 - 5 years TZS' 000'	> 5 years TZS' 000'	Non interest bearing TZS' 000'	Total TZS' 000'
Group						
At 31 December 2019						
Financial assets						
Financial asset - Interest rate cap	-	-	-	-	1,586,736	1,586,736
Trade and other receivables	-	-	-	-	8,210,459	8,210,459
Cash and bank balances	82,038	-	-	-	8,825,307	8,907,345
	82,038	-	-	-	18,622,502	18,704,540
Financial liabilities						
Lease liabilities	-	4,530,368	3,292,627	4,107,809	-	11,930,804
Term borrowings	-	39,916,316	121,475,661	31,223,306	-	192,615,283
Trade and other payables	-	-	-	-	38,068,497	38,068,497
Derivative liabilities	-	-	-	-	748,585	748,585
Bank overdrafts	28,166,677	-	-	-	-	28,166,677
	28,166,677	44,446,684	124,768,288	35,331,115	38,817,082	271,529,846
Net exposure	**(28,166,677)**	**(44,364,646)**	**(124,768,288)**	**(35,331,115)**		
At 31 December 2018						
Financial assets						
Equity investment	-	-	-	-	100	100
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	-	-	-	30,202,796	30,284,876
Financial liabilities						
Term borrowings	-	35,153,065	121,475,659	67,222,349	-	223,851,073
Trade and other payables	-	-	-	-	29,179,226	29,179,226
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	29,559,992	270,082,591
Net exposure	**(16,671,526)**	**(35,070,985)**	**(121,475,659)**	**(67,222,349)**		

40 FINANCIAL RISK MANAGEMENT *(Cont)*

Interest rate risk (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'
Company						
At 31 December 2019						
Financial assets						
Financial asset - Interest rate cap	-	-	-	-	1,586,736	1,586,736
Due from employees' share trust	-	-	-	-	421,890	421,890
Trade and other receivables	-	-	-	-	7,940,739	7,940,739
Cash and bank balances	82,038	-	-	-	8,613,443	8,695,481
	82,038	-	-	-	18,562,808	18,644,846
Financial liabilities						
Lease liabilities	-	4,428,982	3,292,627	4,107,809	-	11,829,418
Term borrowings	-	39,916,316	121,475,661	31,223,306	-	192,615,283
Trade and other payables	-	-	-	-	38,003,627	38,003,627
Derivative liabilities	-	-	-	-	748,585	748,585
Bank overdrafts	28,166,677	-	-	-	-	28,166,677
	28,166,677	44,345,298	124,768,288	35,331,115	38,752,212	271,363,590
Net exposure	**(28,166,677)**	**(44,263,260)**	**(124,768,288)**	**(35,331,115)**		
At 31 December 2018						
Financial assets						
Equity investment	-	-	-	-	100	100
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	-	-	-	31,957,731	32,039,811
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)**		

40 FINANCIAL RISK MANAGEMENT *(Cont)*

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 the 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 the 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, exposures in other currencies are considered to be immaterial), with all other variables held constant, of the Group's and the Company's equity (due to changes in the fair value of monetary assets and liabilities).

	2019		2018	
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%	(20,364,203)	10%	(21,495,242)
Net effect based on statement of financial position	-10%	20,364,203	-10%	21,495,242
Company				
Net effect based on statement of financial position	+10%	(20,364,203)	10%	(21,513,906)
Net effect based on statement of financial position	-10%	20,364,203	-10%	21,513,906

The Company's and the 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 the Group were exposed as 31 December 2019 and 31 December 2018 are summarised in the table below (All amounts expressed in TZS '000).

	Group - At 31 December 2019			
	Exposure in USD	Exposure in EURO	Exposure in ZAR	Total in functional currency
Financial assets				
Financial asset - Interest rate cap	1,586,736	-	-	1,586,736
Trade and other receivables	710,609	-	-	710,609
Cash and bank balances	6,427,729	99,480	106,863	6,634,072
	8,725,074	99,480	106,863	8,931,417
Financial liabilities				
Lease liabilities	7,016,717	-	-	7,016,717
Term borrowings	192,615,283	-	-	192,615,283
Trade and other payables	3,611,547	1,535,880	-	5,147,426
Derivative liabilities	748,585	-	-	748,585
Bank overdrafts	8,374,968	-	-	8,374,968
	212,367,099	1,535,880	-	213,902,979
Net exposure	(203,642,025)	(1,436,400)	106,863	(204,971,562)

40 FINANCIAL RISK MANAGEMENT *(Cont)*

Interest rate risk (Continued)

	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	12,626,276	218,759	72,021	12,917,056
	19,873,059	218,759	72,021	20,163,839
Financial liabilities				
Term borrowings	223,851,073	-	-	223,851,073
Trade and other payables	2,727,117	615,464	615,918	3,958,499
Derivative liabilities	380,766	-	-	380,766
Bank overdrafts	7,866,525	-	-	7,866,525
	234,825,481	615,464	615,918	236,056,863
Net exposure	**(214,952,422)**	**(396,705)**	**(543,897)**	**(215,893,024)**

	Company - At 31 December 2019			
	Exposure in USD	Exposure in EURO	Exposure in ZAR	Total in functional currency
Financial assets				
Financial asset - Interest rate cap	1,586,736	-	-	1,586,736
Trade and other receivables	710,609	-	-	710,609
Cash and bank balances	6,427,729	99,480	106,863	6,634,072
	8,725,074	99,480	106,863	8,931,417
Financial liabilities				
Lease liabilities	7,016,717	-	-	7,016,717
Term borrowings	192,615,283	-	-	192,615,283
Trade and other payables	3,611,547	1,535,880	1,845,769	6,993,196
Derivative liabilities	748,585	-	-	748,585
Bank overdrafts	8,374,968	-	-	8,374,968
	212,367,099	1,535,880	1,845,769	215,748,748
Net exposure	**(203,642,025)**	**(1,436,400)**	**(1,738,906)**	**(206,817,331)**

40 FINANCIAL RISK MANAGEMENT *(Cont)*

Foreign currency risk (cont)

	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	12,626,276	218,759	72,021	12,917,056
	19,686,419	218,759	72,021	19,977,199
Financial liabilities				
Term borrowings	223,851,073	-	-	223,851,073
Trade and other payables	2,727,117	615,464	615,918	3,958,499
Derivative liabilities	380,766	-	-	380,766
Bank overdrafts	7,866,525	-	-	7,866,525
	234,825,481	615,464	615,918	236,056,863
Net exposure	**(215,139,062)**	**(396,705)**	**(543,897)**	**(216,079,664)**

Applicable exchange rates:	USD	Euro	ZAR
Average for the year ended 31 December 2019	2,285	2,588	161
At 31 December 2019	2,288	2,560	163
Average for the year ended 31 December 2018	2,256	2,639	170
At 31 December 2018	2,281	2,615	158

(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 the Group are 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 the Group aim to deal with creditworthy third parties. It is the 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 the 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 the Group do not offer credit terms without the approval of the directors. For all export transactions, full upfront payment is demanded. The Company and the Group have no significant concentration of credit risk that has not been adequately provided for. The Company and the Group do hold collateral in form of bank guarantees for certain customers as security. The Company's and the 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.

40 FINANCIAL RISK MANAGEMENT *(Cont)*

Foreign currency risk (cont)

	Notes	Group 2019 TZS' 000'	Group 2018 TZS' 000'	Company 2019 TZS' 000'	Company 2018 TZS' 000'
Due from employees' share trust	22	-	-	421,890	450,016
Trade and other receivables	24	12,051,375	9,798,935	11,454,762	9,663,368
Bank balances	26	9,164,414	17,215,672	8,790,456	16,361,168
		21,215,789	**27,014,607**	**20,667,108**	**26,474,552**

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:

Group

	2019 TZS'000	2019 %	2018 TZS'000	2018 %
Trade receivables - third parties	6,039,039	100%	5,482,252	100%
Due from related parties	-	0%	-	0%
	6,039,039	**100%**	**5,482,252**	**100%**

Company

	2019 TZS'000	2019 %	2018 TZS'000	2018 %
Trade receivables - third parties	4,470,345	77%	3,327,260	44%
Due from related parties	1,298,974	23%	4,316,503	56%
	5,769,319	**100%**	**7,643,763**	**100%**

The terms and conditions for the amounts due from related parties are indicated in Note 37.

The concentration of credit risk with respect to trade receivables is further analysed as follows:

Group

	2019 Number of customers	2019 % of total receivables	2018 Number of customers	2018 % of total receivables
Owed less than or equal to TZS 200 million	214	33%	111	33%
Owed more than TZS 200 million	10	67%	8	67%
	224		**119**	

Company

	2019 Number of customers	2019 % of total receivables	2018 Number of customers	2018 % of total receivables
Owed less than or equal to TZS 200 million	157	16%	21	16%
Owed more than TZS 200 million	9	84%	7	84%
	166		**28**	

40 FINANCIAL RISK MANAGEMENT ***(Cont)***

Outstanding trade receivables are regularly monitored and supplies to some customers are covered by bank guarantees and letters of credit obtained from reputable banks. The bank guarantees and letters of credit held are considered to be an integral part of trade receivables and have been considered in the calculation of expected credit losses. The Group had the following credit enhancements:

Group	**2019**		**2018**	
	Total amount held	**% of total receivables**	**Total amount held**	**% of total receivables**
Bank guarantees	1,023,055	11%	229,629	3%
Letters of credit	732,121	8%	-	-

Company	**2019**		**2018**	
	Total amount held	**% of total receivables**	**Total amount held**	**% of total receivables**
Bank guarantees	1,023,055	10%	229,629	3%
Letters of credit	732,121	7%	-	-

An impairment analysis is performed at each reporting date using a provisioning matrix to measure expected credit losses. The provisioning 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:

Group

At 31 December 2019	**<30 days**	**30 days**	**31- 60 days**	**61- 90 days**	**91-120 days**	**Over 120 days**	**Total**
Gross carrying amount (TZS'000)	3,664,646	1,473,507	947,590	510,826	331,469	2,951,917	9,879,955
Expected credit loss rate (%)	6%	7%	22%	39%	44%	100%	
Expected credit loss (TZS'000)	237,435	96,744	209,883	198,431	146,506	2,951,917	3,840,916
At 31 December 2018		0-30 days	31>60 days	61>90 days	91>120 days	Over 120 days	Total
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

Company

At 31 December 2019	**<30 days**	**30 days**	**31 - 60 days**	**61- 90 days**	**91-120 days**	**Over 120 days**	**Total**
Gross carrying amount (TZS'000)	3,664,646	1,473,507	520,278	381,525	306,469	2,936,917	9,283,342
Expected credit loss rate (%)	4%	5%	19%	34%	39%	100%	
Expected credit loss (TZS'000)	151,218	76,999	99,629	129,128	120,132	2,936,917	3,514,023

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FINANCIAL RISK MANAGEMENT (Cont)

At 31 December 2018	<30 days	30 days	31- 60 days	61- 90 days	91- 120 days	Over 120 days	Total
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

Due to the nature of the Group's operations, credit limits may sometimes be exceeded on a temporary basis with appropriate approvals. Management does not expect significant losses, which have not been provided for, 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 24 for further disclosures on trade and other receivables.

(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 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 1 year TZS' 000'	>1 to 5 years TZS' 000'	More than 5 years TZS' 000'	Total TZS' 000'
Group					
At 31 December 2019					
Lease liabilities	-	11,990,924	6,654,215	40,682,065	59,327,204
Term borrowings	-	61,129,585	160,310,783	24,408,439	245,848,807
Trade and other payables	-	38,068,497	-	-	38,068,497
Derivative liabilities	-	748,585	-	-	748,585
Bank overdrafts	28,166,677	-	-	-	28,166,677
	28,166,677	**111,937,591**	**166,964,998**	**65,090,504**	**372,159,770**
At 31 December 2018					
Term borrowings	-	15,538,878	218,177,758	48,827,114	282,543,750
Trade and other payables	-	29,179,226	-	-	29,179,226
Derivative liabilities	-	380,766	-	-	380,766
Bank overdrafts	16,671,526	-	-	-	16,671,526
	16,671,526	**45,098,870**	**218,177,758**	**48,827,114**	**328,775,268**
Company					
At 31 December 2019					
Lease liabilities	-	11,858,269	6,619,258	40,682,065	59,159,592
Term borrowings	-	61,129,585	160,310,783	24,408,439	245,848,807
Trade and other payables	-	38,003,627	-	-	38,003,627
Derivative liabilities	-	748,585	-	-	748,585
Bank overdrafts	28,166,677	-	-	-	28,166,677
	28,166,677	**111,740,066**	**166,930,041**	**65,090,504**	**371,927,288**
At 31 December 2018					
Term borrowings	-	15,538,878	218,177,758	48,827,114	282,543,750
Trade and other payables	-	28,722,369	-	-	28,722,369
Derivative liabilities	-	380,766	-	-	380,766
Bank overdrafts	16,671,526	-	-	-	16,671,526
	16,671,526	**44,642,013**	**218,177,758**	**48,827,114**	**328,318,411**

41 CONTINGENT LIABILITIES

(a) Litigation

There are 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 (2018: TZS 7.5 billion).

As at 31 December 2019, there was an ongoing legal dispute over land with villagers from Pande who are claiming TZS 7 billion from the Company.

As at 31 December 2019, the Company was a defendant in other legal cases for which the Company's legal counsel estimates total possible loss of TZS 208 million.

The directors, based on the advice of external legal counsel, expect the above cases will not result into material liabilities.

(b) Taxation

The Group had the following contingent liabilities relating to unresolved tax assessments.

	Group		Company	
	2019	2018	2019	2018
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
Group management fees - Income tax	786,000	786,000	786,000	786,000
CDEAL open tax assessments (2013 - 2017) - Withholding tax on local services	24,527	24,527	-	-
CDEAL open tax assessments (2013 - 2017) - Withholding tax on rent	23,997	23,997	-	-
CDEAL open tax assessments (2013 - 2017) - Income tax	278,004	278,004	-	-
CDEAL open tax assessments (2014 - 2017) - Skills and development levy	69,637	69,637	-	-
	1,182,165	**1,182,165**	**786,000**	**786,000**

The Group 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.

In 2018, 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 of the following:

	Group		Company	
	2019	2018	2019	2018
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
Income tax liabilities	-	701,384	-	701,384
VAT liabilities	-	1,081,059	-	1,081,059
Payroll taxes	-	95,000	-	95,000
	-	**1,877,443**	**-**	**1,877,443**

The income tax was included in the net income tax credit to profit or loss and the VAT and payroll tax expenses were 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 into 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 external lawyers, that no material financial loss will result from this claim.

42 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.

43 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 values 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, are based on inputs independently sourced from the vendor and spot foreign exchange rates from bankers, respectively. The fair values are based on quoted values as provided by the vendor or banker at the reporting date being the values that the vendor sold 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)	
		2019	2018
Market approach	6 months LIBOR interest rates	1.08% - 1.92%	1.97% - 2.81%
	TZS:USD foreign exchange rates	2,237 - 2,288	2,230 - 2,281

Description of valuation techniques used and key inputs to valuation of the forward currency contracts:

Market approach	TZS:USD foreign exchange rates	2,289 - 2,288	2,230 - 2,281

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

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

- Term borrowings: The interest rates charged on the borrowings are in line with the market interest rates charged for similar loans.

The investment property presented in Note 18 is categorised in Level 3. The relevant fair value disclosures are included in Note 18.

44 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 contributed revenue amounting to more than 10% of the Company's revenue in 2019. In 2018, sales to the fully owned subsidiary, Cement Distributors (E.A) Limited, contributed 28% of the Company's revenue.

44 SEGMENT INFORMATION*(Cont)*

	Group		Company	
	2019 TZS'000'	2018 TZS'000'	2019 TZS'000'	2018 TZS'000'
Location of non-current assets				
Non-current assets located in Tanzania	345,867,213	355,059,942	344,734,466	355,058,012
Non-current assets located in Rwanda*	3,870	5,574	-	-
	345,871,083	**355,065,516**	**344,734,466**	**355,058,012**
Source of revenue				
Revenue from Tanzania	208,868,401	202,548,077	206,017,854	193,576,346
Revenue from Rwanda	12,013,896	12,374,822	12,013,896	12,374,822
	220,882,297	**214,922,899**	**218,031,750**	**205,951,168**

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

45 GOING CONCERN ASSESSMENT

The Group's and the Company's financial results and position are summarised as follows:

	Group 2019	Group 2018	Company 2019	Company 2018
Financial results				
Loss for the year	(11,852,548)	(11,258,743)	(14,412,703)	(10,703,007)
Earnings Before Interest, Tax, Depreciation (EBITDA)	36,762,918	33,976,186	33,865,295	34,072,415
Cash flows from operations	40,562,330	40,117,368	40,914,375	41,032,951
Net (decrease)/increase in cash and cash equivalents	(19,243,074)	6,297,476	(18,549,261)	7,235,138
Financial position				
Net current liabilities	(46,131,736)	(11,679,415)	(46,094,008)	(10,179,380)
Net equity	138,085,160	149,932,129	137,011,957	151,424,660

The loss, net decrease in cash and cash equivalents and net current liability positions were mainly caused by the following expenses, cash outflows and repayment obligations which are directly related to the SAGEPF (PIC) loan or are indirectly related because they are necessitated because of the SAGEPF (PIC) loan:

	Group 2019	Group 2018	Company 2019	Company 2018
Net impact of the PIC loan on the results for the year				
Interest expense - PIC loan	15,784,821	16,028,692	15,784,821	16,028,692
Foreign exchange loss - PIC loan	1,275,798	4,489,901	1,275,798	4,489,901
Loss on remeasurement of the PIC loan	-	4,927,949	-	4,927,949
Loss /(gain)on interest rate cap on the PIC loan	4,880,229	(1,472,649)	4,880,229	(1,472,649)
Loss on forward currency contracts relating to the PIC loan	367,819	380,766	367,819	380,766
Interest expense - overdraft facilities necessitated by the repayment of PIC loan	2,015,699	1,060,971	2,015,699	1,060,971
	24,324,366	**25,415,630**	**24,324,366**	**25,415,630**
Net impact of the PIC loan on the net current liability position				
PIC loan - current amount	39,916,316	35,153,065	39,916,316	35,153,065
Decrease in cash and cash equivalents during the year due to PIC loan repayments	48,296,409	26,505,217	48,296,409	26,505,217
	88,212,725	**61,658,282**	**88,212,725**	**61,658,282**

45 GOING CONCERN ASSESSMENT*(Cont)*

'The Company has significant loan repayment obligations falling due in the foreseeable future including PIC loan repayments of TZS 82 billion comprising of interest payments of TZS 21 billion and principal repayments of TZS 61 billion. The Company is required to comply with loan agreement conditions and covenants and any related event of default could materially impact the Group and the Company.

The total PIC loan at year end (current and non-current portions) was TZS 193 billion against total equity financing at year end of TZS 138 billion.

The Company's management and directors have made an assessment of the Group's and the Company's ability to continue as going concerns and are satisfied that, based on the following factors, despite the above conditions, the Group and the Company will have access to sufficient resources necessary to enable them to continue in business for the foreseeable future, and that the Group and the Company will realise assets and discharge liabilities in the normal course of business.

- As indicated in Note 31, the Company has approved working capital facilities totaling to TZS 31 billion which are available for use in the management of liquidity. The directors expect that these working capital facilities and cash generated from operations will be sufficient to meet the operations and loan repayment cash requirements in the foreseeable future.

- The directors and majority shareholder have a common understanding that the loss and net liability positions are caused by the impact of the PIC loan on the Group's and the Company's financial results and position, and that otherwise, the Group and the Company are solvent with positive net cash flows from operations and positive EBITDA, and that this is expected to continue for the foreseeable future. The directors expect that the positive business fundamentals will support the Group's turnaround strategy in terms of operations and reviewing of the financing structure with the objective of mitigating the impact of the PIC loan on the Group's and the Company's financial results and liquidity positions.

- The Group continues to implement strategic measures that are being pursued to get the Group back to profitability and improve the liquidity position. Achieving profitability 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 directors and majority shareholder. The Group's business growth will also continue to be anchored on the growth of the Tanzania construction industry. Robust infrastructure investment and strengthening the consumer base remain drivers of business growth supported by low inflation levels. With two integrated production lines, 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 big construction projects that are in progress and in the pipeline.

- The Group's plans and controls to mitigate future adverse conditions or events include: improving business performance by increasing revenue and minimising the cost of production which will contribute to increase in gross and EBITDA margins; additional resources and measures to improve cash collections from trade debtors which will support payments to lenders (PIC in particular) and creditors as they fall due; continue to enforce strict policies and procedures for extending credit to customers to minimise the default rate; negotiate and formalise extended credit terms with suppliers where necessary; continue to apply hedging strategies on foreign currency payments due to minimise translation risk; continue strong relationship building with senior debt provider and with commercial banks providing overdraft facilities; and implementation of new innovative strategic projects to further improve sales growth and margin improvement.

- The majority shareholder, as confirmed by its representatives on the Board, continues to be committed to the Group and will continue to provide strategic support in turning around the Group's operations and financing structure. It is noted that in addition to the improvements in profitability and free cash flows, the commitment of the lead lender (PIC) remains critical. The options available in terms of reviewing the financing structure include engaging the lead lender to restructure the loan facilities in a manner that would reduce the debt burden on the Group's financial results and liquidity position.

- As disclosed in Note 46, in August 2020, the Company received letters from the lead lender (PIC) confirming that PIC initiated discussions with the Company's management and majority shareholders with the intention of implementing a sustainable long-term solution for the Company's statement of financial position leverage position, and that if an event of default relating to non-payment or financial covenants occurs in the 12 months after the date of the auditor's report on the TCPLC 2019 financial statements, it is not PIC's intention to demand repayment of all or part of the loan in a manner that would jeopardize the Company's ability to continue as a going concern for the foreseeable future. In addition, PIC confirmed that it shall exercise its rights as the authorised agent in such a manner to support the Company to continue in operational existence for the foreseeable future in accordance with the principles of sound business practice. Furthermore, PIC approved the following: repayment in monthly installments of USD 1,065,109, starting from August 2020 to December 2020, of the capital repayments totaling to USD 5,325,544 which were deferred from 2018 to 2020; all the remaining normal principal on the term loans to be deferred until 31 December 2020; and waiver of all debt covenants in the terms of the loan agreement until an agreement on the debt restructuring is reached, latest by 31 December 2020.

The directors are not aware of any other material uncertainties that may cast significant doubt upon the Group's and the Company's ability to continue as going concerns. The directors have assessed that the Covid-19 pandemic is not expected to have a significant impact on the Group's and the Company's ability to continue as going concern having considered the Group's and Government of Tanzania's measures against the pandemic and that the Group is considered to be an essential entity that has to continue in operation despite the pandemic. Furthermore, the Group's sales are mainly derived in-country and no lockdown or significant restrictions on trade and business have been pronounced in the country and the directors' assessment is that this is expected to continue to be the approach.

45 GOING CONCERN ASSESSMENT*(Cont)*

Having considered the above, the consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the forecast performance targets will be achieved, and that sufficient resources will be available to finance future operations and loan repayments, and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

4 6. EVENTS AFTER THE REPORTING PERIOD

Covid-19 pandemic

The COVID-19 pandemic continued to affect countries and businesses at the time of issuing these consolidated and separate financial statements. The directors have assessed that, at the time of issuing these consolidated and separate financial statements, it was impracticable to quantitatively determine and disclose the extent of the possible effects of the pandemic on the Group. The directors expect that considering that the Group is considered to be a producer of essential products, the Group's operations will continue despite the disruption caused by the pandemic.

The Group's business plan is not expected to be significantly impacted in the medium to long term considering that the Group's sales are derived incountry and no lockdown or significant restrictions on trade and business have been pronounced in the country, and that the directors' assessment is that this is expected to continue to be the approach. The incountry supply chain is not expected to be significantly impacted in line with the Government's approach to keep trade and business open. Plant repair and maintenance programs could be delayed due to international supply chain disruptions but the directors expect that alternatives in terms of spares and manpower could be sourced locally in the short-term. No significant impairment of assets is expected due to the pandemic since the Group is expected to continue in operation. It is expected that credit risk will not increase significantly as debtors will continue paying the amounts due as they will require the Group's goods and services despite the pandemic.

The Group might incur additional expenses arising from changes in work modalities including the need for social distancing, but it is expected that any incremental expenses will be financed from cash flows from operations and the available working capital facilities. Otherwise, no additional significant liabilities are expected to result from the pandemic.

PIC loan restructuring and confirmations

In August 2020, the Company received confirmations from PIC regarding the following:

- PIC has initiated discussions with the Company's majority shareholders with the intention of implementing a sustainable long-term solution for the Company's statement of financial position. This will be premised on restructuring the debt to sustainable levels. The Company's management team and shareholders are to provide restructuring options for PIC's consideration, the timelines attached to this are premised on PIC receiving and approving this sustainable debt plan before 31 December 2020. Failure by the Company to submit a mutually agreeable restructuring proposal by 31 December 2020 and failure to implement the plan within the agreed timelines, may necessitate that PIC exercises its rights under the Term Loan Facilities Agreement.

- PIC is considering the Company's application for restructuring of repayments of the term loan and that if an event of default relating to non-payment or financial covenants occurs in the 12 months after the date of the auditor's report on the TCPLC 2019 financial statements, it is not PIC's intention to demand repayment of all or part of the loan in a manner that would jeopardize the Company's ability to continue as a going concern for the foreseeable future.

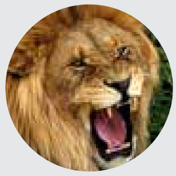
- Approval by PIC of the following: repayment in monthly installments of USD 1,065,109, starting from August 2020 to December 2020, of the capital repayments totaling to USD 5,325,544 which were deferred from 2018 to 2020; all the remaining normal principal on the term loans to be deferred until 31 December 2020; and waiver of all debt covenants in the terms of the agreement until an agreement on the debt restructuring is reached by latest 31 December 2020. These approvals are subject to some conditions including the Company, its shareholders and PIC agreeing to a debt restructure plan aimed at ensuring that the term loans are restructured to sustainable levels, subject to implementation, before 31 December 2020.

Other events

There are no other events after the reporting period which require adjustment to or disclosure in the consolidated and separate financial statements.

4 7. APPROVAL OF FINANCIAL STATEMENTS

The consolidated and separate financial statements were authoriesd for issue by the Board of Directors on the date shown under the statement of financial position. They are subject to approval by the shareholders during the Annual General Meeting.



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 27 November 2020 at 10:00 AM, online through the Microsoft Teams platform, or at any adjournment thereof.

Signed and witnessed on this day of 2020

....
(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 27 Novemba 2020, kupitia mtandao

wa mawasiliano wa kidigitali wa Microsoft Teams, au mahali popote patakapo amuliwa.

Kama shahidi saini yangu/zetu leo Tarehe 2020

....

(Saini)

Our footprints have grown by strides and bounds. Our goods and services can be found at every neighbourhood across the country, positively impacting the lives of every Tanzania n and to the growth of our economy.

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 on Friday 27 November 2020 at 10:00 AM, online through the Microsoft Teams platform. The Company will inform all shareholders in due course on how to participate via their registered mobile phone numbers on record.

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 23 August 2019.

3. **Financial Statements and Directors' Reports**
   To review and adopt the Financial Statements and Directors' report for the year ended 31 December 2019.

4. **Dividend for the year ended 31 December 2019**
   Shareholders to note the proposal from the Board not to declare a final dividend for the financial year ended 31 December 2019.

5. **Appointment of Directors**
   To appoint Directors to the Board.

6. **Approval of Directors Remuneration**
   To approve the directors' remuneration for the 2020 financial year.

7. **Appointment of External Auditors**
   To approve the appointment of the External Auditors for the 2020 financial year.

8. **General**
   Any other business.

Any member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote on their behalf. If a member is an organisation then 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.

Quresh Ganjee
Company Secretary
28 July 2020

SIMBA CEMENT
STRENGTH WITHIN

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 kupitia mtandao wa mawasiliano wa kidigitali wa Microsoft Teams, siku ya Ijumaa tarehe 27 Novemba 2020 kuanzia saa nne (4.00) 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 mbili uliofanyika tarehe 23 Agosti 2019.

3. **Taarifa za Fedha na Ripoti za Wakurugenzi**
   Kupitia na kupitisha Taarifa za Fedha na ripoti za Wakurugenzi kwa mwaka ulioishia tarehe 31 Desemba 2019.

4. **Gawio kwa mwaka ulioishia tarehe 31 Disemba 2018**
   Kuidhinisha tamko la gawio kwa mwaka ulioishia tarehe 31 Desemba 2019.

5. **Uteuzi wa Wakurugenzi**
   Kuteua Wakurugenzi wa Bodi.

6. **Kuidhinisha Mapato ya Wakurugenzi**
   Kuidhinisha mapato ya Wakurugenzi kwa mwaka wa fedha 2020.

7. **Uteuzi wa Wakaguzi wa Nje**
   Kuidhinisha uteuzi wa Wakaguzi wa Nje kwa mwaka wa fedha 2020.

8. **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.

Qganijee

Quresh Ganijee
Katibu wa Kampuni
28 Julai 2020

SIMBA CEMENT
STRENGTH WITHIN

SIMBA CEMENT
STRENGTH WITHIN

TANGA CEMENT PUBLIC LIMITED COMPANY

Registered office
Pongwe Factory Area
P.O. Box 5053 Tanga, Tanzania
Tel: +255 27 2644500/1/2
Mob: +255 746 293 330
Fax: +255 2646148/425

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
Fax: +255 22 2602785

Website: www.simbacement.co.tz | **Email: info@simbacement.co.tz**