SIMBA CEMENT
STRENGTH WITHIN

TANGA CEMENT PLC

ANNUAL REPORT

TAARIFA YA MWAKA
2020

www.simbacement.co.tz


STRENGTH WITHIN

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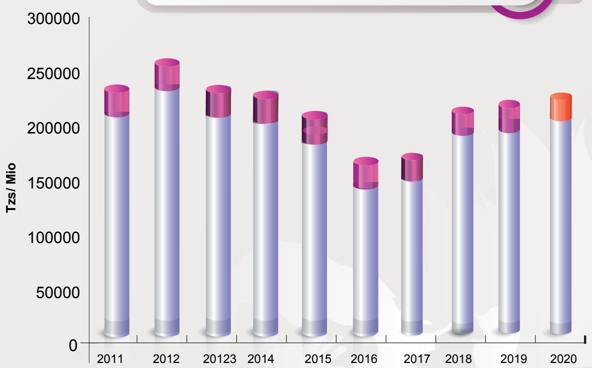
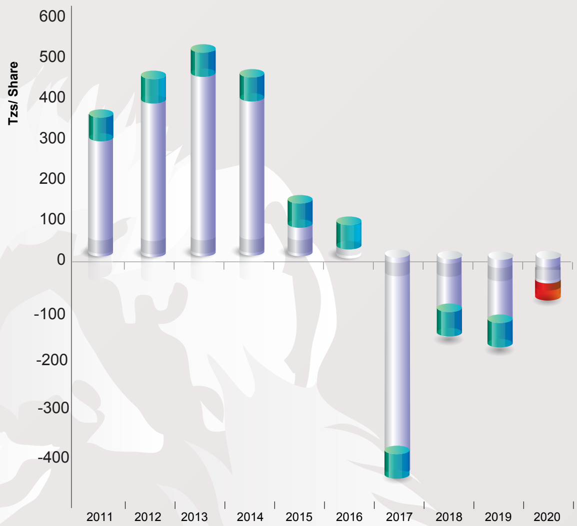
Financial Summary

Revenue



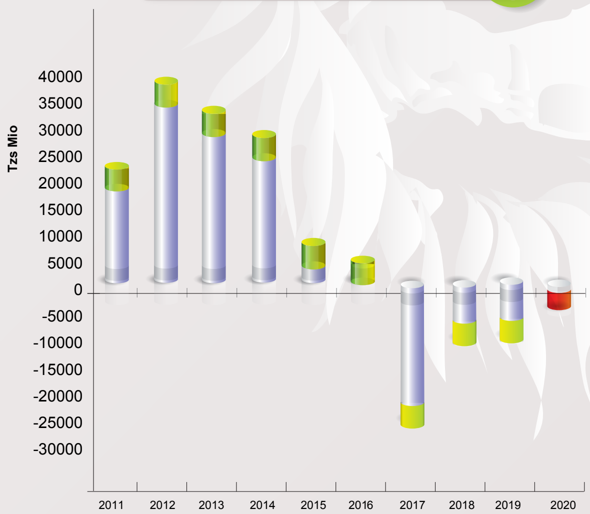
Year	Tzs Millions	Year	Tzs Millions
2011	233,863.26	2016	166,975.48
2012	257,921.83	2017	171,744.72
2013	233,060.60	2018	214,922.90
2014	232,100.72	2019	220,882.29
2015	209,116.05	2020	212,512.26

Earning per share



Year	Tzs	Year	Tzs
2011	350.00	2016	68.00
2012	555.00	2017	- 418.31
2013	505.00	2018	-178.80
2014	446.00	2019	-188.23
2015	131.00	2020	-33.54

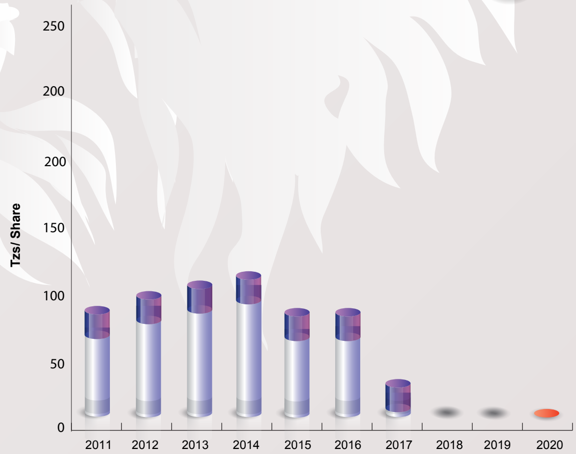
Profit after taxation



Tzs Million

Year	Tzs Millions	Year	Tzs Millions
2011	22,291	2016	4,261
2012	37,113	2017	-26,340
2013	32,165	2018	-11,259
2014	28,401	2019	-11,853
2015	8,242	2020	-2,112

Dividend per share



Year	Tzs	Year	Tzs
2011	86.00	2016	80.00
2012	100.00	2017	25.00
2013	110.00	2018	0.00
2014	120.00	2019	0.00
2015	80.00	2020	0.00

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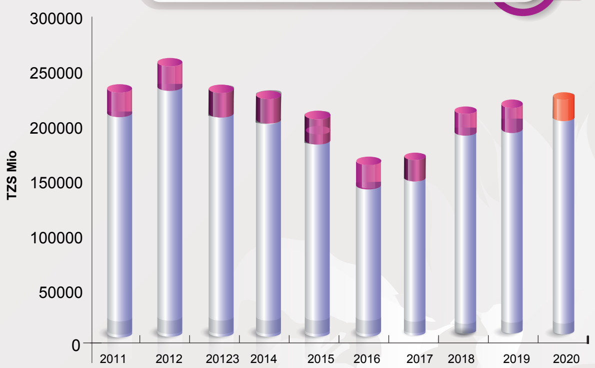
Vidokezo vya Mapato

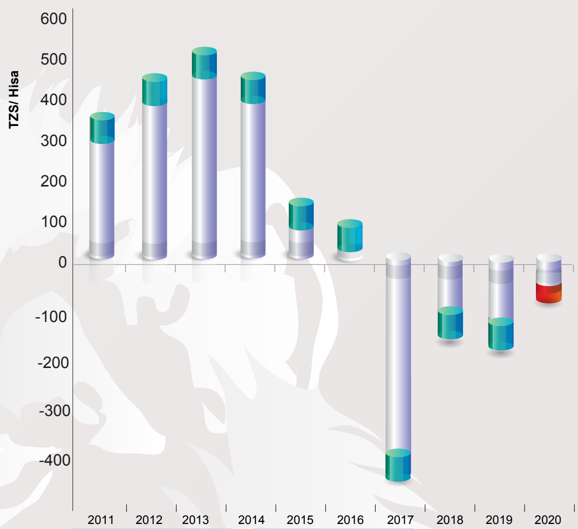
Mapato



Mwaka	TZS Milioni
2011	233,863.26
2012	257,921.83
2013	233,060.60
2014	232,100.72
2015	209,116.05

Mwaka	TZS Milioni
2016	166,975.48
2017	171,744.72
2018	214,922.90
2019	220,882.29
2020	212,512.26

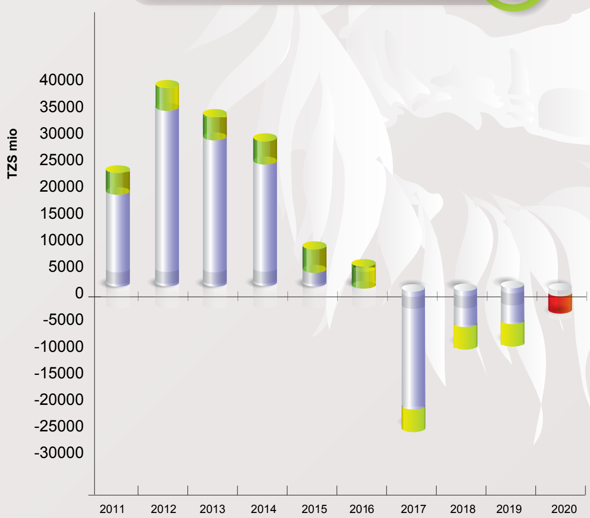
Mapato kwa Hisa



Mwaka	TZS
2011	350.00
2012	555.00
2013	505.00
2014	446.00
2015	131.00

Mwaka	TZS
2016	68.00
2017	- 418.31
2018	-178.80
2019	-188.23
2020	-33.54

Faida baada ya Kodi

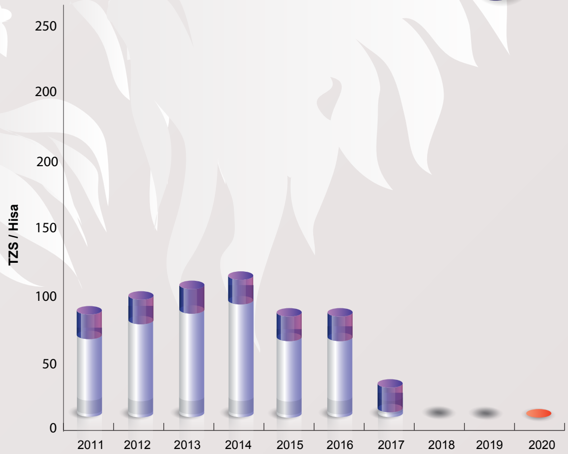


Tzs Milioni

Mwaka	TZS Milioni
2011	22,291
2012	37,113
2013	32,165
2014	28,401
2015	8,242

Mwaka	TZS Milioni
2016	4,261
2017	-26,340
2018	-11,259
2019	-11,853
2020	-2,112

Gawio kwa Hisa



Mwaka	Tzs
2011	86.00
2012	100.00
2013	110.00
2014	120.00
2015	80.00

Mwaka	Tzs
2016	80.00
2017	25.00
2018	0.00
2019	0.00
2020	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 (50)
Chairperson
LLM (International & Comparative Law)
Tanzanian

- Mr Masha is the managing partner of Gabriel and Co. Attorneys
- He has over 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 zaidi ya 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 (47)
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

Maelezo mafupi kuhusu Wakurugenzi | Directors' Profiles

Pieter de Jager(49)
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 23 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(65)
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.

Mwenyekiti Msaidizi
(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 (56)
(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); Diploma ya Juu (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 (46)
(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 (56)
(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, Shahada ya uzamili ya biashara (katika masoko),
Meneja wa Miradi aliyethibitishwa
Mtanzania

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

Maelezo mafupi kuhusu Wakurugenzi | Directors' Profiles

Trevor Wagner (73)
(Independent Non-Executive, retired 24 July 2020)
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, amestaafu 24 Julai 2020
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(46)
(Non – Executive, retired 24 July 2020)
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, amestaafu 24 Julai 2020
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 (38)
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

> *Cash generated from trading activities improved by 12% to TZS 47.7bn from TZS 42.7bn recorded in 2019. Net cash flows from operations has also increased by 6% to TZS 42.8bn from TZS 40.6bn recorded in 2019.*

Chairman's Statement

Introduction

Dear Shareholders,
We hereby present the audited trading results of Tanga Cement Public Limited Company ("Tanga Cement" or the "company") and its subsidiaries (together, the "group") for the year ended 31 December 2020.

Despite the impact of the global Covid-19 pandemic, the group performed well on its key financial performance indicators for the year ended 31 December 2020 as described in the Financial and Operational Overview section below. We 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"**.

The company has deployed the highest standards of health and safety protocols across all its operations and continues to enforce safety at the work place to protect our employees and contractors.

Macro-economic Overview
The Group's growth outlook continues to be anchored in the growth in cement demand of the Tanzanian construction industry. The average annual headline inflation rate decreased to 3.3% in 2020 from 3.4% in 2019 as a result of Governments' fiscal and monetary policies.

Economic performance remained relatively stable with estimated GDP growth of 5.5% for 2020 compared to 6.8% recorded in 2019. Robust infrastructure investment and a strengthening consumer base remained major drivers of the business performance witnessed in the twelve 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 expects the projects to continue gaining momentum in 2021. The Group remains committed to continue supporting the Government initiatives in growing the Tanzanian economy.

The Group has taken reasonable measures to mitigate the impact of COVID -19 on its operations and remains confident with the initiatives taken by the Government to combat the spread of COVD-19 and stabilise 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
Group's sales revenue decreased marginally by 4%, to TZS 213bn from TZS 221bn achieved in 2019. Despite the fact that the gross profit decreased by 1% to TZS 54.2bn from TZS 54.6bn achieved in 2019, the gross margin increased by 3% mainly due to the savings realised in the cost of production in line with the management's commitment to improving company's financial performance.

As testament to the above, operating profit for the year increased by 39% to TZS 17.3bn from TZS 12.4bn achieved in 2019 resulting from optimisation of operational, administration, distribution and logistics costs.

We are proud to report that EBITDA improved by 13% to TZS 41bn from TZS 37bn achieved in 2019 driven by improved efficiencies in the operations.

The Group incurred a marginal loss before tax of TZS 0.63bn in 2020 which is a significant improvement from loss before tax of TZS 13.8bn recorded in 2019. The decrease in loss before tax was mainly due to the increase in operating profit, decrease in foreign exchange and fair value losses which are related to the USD denominated loan for the new kiln production line. The outstanding balances on term loans were reduced through payment of instalments in 2020 and improved treasury management including but not limited to hedging strategies and strict control over work capital facilities.

The Group recorded a net loss after tax of TZS 2.1bn in 2020 which is significant improvement from the net loss after tax of TZS 11.9bn recorded in 2019.

Cash generated from trading activities improved by 12% to TZS 47.7bn from TZS 42.7bn recorded in 2019. Net cash flows from operations has also increased by 6% to TZS 42.8bn from TZS 40.6bn recorded in 2019. The net cash flows from operations, and the EBITDA performance, are testament to the Group's excellent operational business fundamentals.

The Group continues to be committed to its sales, logistics and cost optimisation initiatives as it continually seeks to enhance value for its stakeholders. The Group remains positive about 2021 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 is expected to boost local cement output and consumption while curbing the influx of cheap imported cement.

Dividend
Similar to 2019, the Group found it prudent not to recommend a payment of dividends to its shareholders so as to remain sustainable and be able to weather current economic challenges contributed by COVID-19 and other factors. The Board aims to continue committing available current cash resources to the operational and debt service commitments. The Board will evaluate the financial performance throughout the 2021 financial year when considering the future dividend declaration.

Conclusion
The Group remains ever grateful to its staff for their passion and dedication demonstrated during the year despite challenges, and also to its customers for their royalty to our Simba Cement brand, as the Group 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 the Group 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

Wakili Lau Masha
Mwenyekiti wa bodi

> *Wastani wa kiwango cha mfumuko wa bei kimepungua na kufikia asilima tatu nukta tatu (3.3%) mwaka 2020 kutoka asilimia tatu nukta nne (3.4%) mwaka 2019 ikiwa ni matokeo ya sera za Serikali za fedha na fedha za Serikali.*

Waraka wa Mwenyekiti

Utangulizi
Wanahisa,

Tuko hapa kuwasilisha taarifa ya biashara iliyokaguliwa ya Tanga Cement Public Limited Company ("Tanga Cement" au "kampuni") na kampuni tanzu zake (kwa pamoja "kundi") kwa mwaka unaoshia tarehe 31 Disemba 2020.

Licha ya athari za janga la kimataifa la UVIKO-19, kundi limefanya vizuri kwenye viashiria vyake muhimu vya utendaji wa kifedha kwa mwaka ulioishia tarehe 31 Disemba 2020 kama ilivyofafanuliwa kwenye eneo la mapitio ya Kifedha na Kiutendaji hapo chini. Tunathibitisha kujitolea kwetu kwa wadau wote kupitia simenti yetu yenye ubora wa hali ya juu na klinka na pia usambazaji wetu kwa mchango wetu katika ukuaji endelevu na maendeleo ya Tanzania, kama inavyoonesha chapa yetu, **"Strength Within".**

Kampuni imeweka viwango vya juu sana vya afya na usalama katika maeneo yake yote ya utendaji na inaendelea kutekeleza sera za usalama katika sehemu ya kazi ili kulinda wafanyakazi wetu na wakandarasi.

Mapitio ya Uchumi
Mtazamo wa ukuaji wa kampuni (kundi) unaendelea kutia nanga au kusaidiwa na ukuaji wa mahitaji ya simenti kwaajili ya soko la ujenzi Tanzania. Wastani wa kiwango cha mfumuko wa bei kimepungua na kufikia asilima tatu nukta tatu (3.3%) mwaka 2020 kutoka asilimia tatu nukta nne (3.4%) mwaka 2019 ikiwa ni matokeo ya sera za Serikali za fedha na fedha za Serikali.

Utendaji wa uchumi ulibaki thabiti ukiwa na makadirio ya ukuaji wa pato ghafi la taifa la asilimia tano nukta tano (5.5%) kwa mwaka 2020 ikilinganishwa na asilimia sita nukta nane (6.8%) iliyorekodiwa mwaka 2019. Uwekezaji mkubwa kwenue miundombinu na uimarishaji wa msingi wa wateja unabaki kuwa vichocheo vya ufanisi wa biashara vilivyoshuhudiwa ndani ya miezi kumi na mbili (12) inayopewa nguvu na kiwango kidogo cha mfumuko wa bei, kulingana na mpango wa Serikali wa kati wa sera za kifedha wenye lengo la asilimia tano (5%) na ndani ya Jumuiya ya Afrika Mashariki (EAC) na Jumuiya ya Maendeleo ya Kusini mwa Afrika (SADC) vigezo vilivyounganika visivyozidi asilimia nane (8%) na asilimia tatu (3%) mpaka saba (7%) kwa kufuatana.

Kampuni (kundi) inabaki na matumaini ya athari chanya za maendeleo chini ya mipango ya maendeleo ya miundo mbinu iliyopo kwenye dira ya Mpango wa Maendeleo ya Serikali ya mwaka 2025 na inategemea miradi itashika kasi mwaka 2021. Kampuni bado ina nia ya kuendelea kuisaidia na kuunga mkono mikakati ya serikali katika kukuza uchomi wa Tanzania.

Kampuni imechukua hatua za kuridhisha ili kukabiliana na wimbi na madhara ya UVIKO-19 katika maeneo yake ya utendaji na ina imani na hatua ambazo Serikali inazichukua ili kuzuwia usambaaji wa UVIKO-19 na kuleta utulivu wa kiuchumi.

Kampuni inao uwezo wa kufikia kiwango maalum cha mahitaji ya simenti nchini na kuendelea kujizatiti na uzalishai wa bidhaa za simenti zenye ubora wa hali ya juu.

Mapitio ya Fedha na Utendaji
Mapato ya kampuni kutokana na mauzo yalipungua kwa kiasi cha asilimia nne (4%) na kuwa TZS 213bn kutoka TZS 221bn iliyopatikana mwaka 2019. Pamoja na ukweli kwamba faida imepungua kwa asilimia moja (1%) na kuwa TZS 54.2bn kutoka TZS 54.6bn iliyopatikana mwaka 2019, mapato ghafi yaliongezeka kwa asilimia tatu (3%) ikiwa ni kutokana na akiba iliyopatikana kutoka kwenye ghrama za uzalishaji ikiwa ni kuboreka kwa kujitolea kwa uongozi katika kuboresha utendaji wa kampuni kifedha .

Kama ushuhuda wa hapo juu, faida ya uendeshaji imeongezeka kwa asilimia thelathini na tisa (39%) na kuwa TZS 17.3bn kutoka TZS 12.4bn iliyopatikana mwaka 2019 ikiwa ni matokeo bora ya upunguzaji gharama za uendeshaji, utawala, usambazaji na ufikishaji bidhaa sokoni.

Tunayofahari kuwasilisha Mapato Kabla ya Riba Kodi Gawio na Uchakavu (EBITDA) yaliyoboreka kwa asilimia kumi na tatu (13%) na kuwa TZS 41bn kutoka TZS 37bn iliyopatikana mwaka 2019 iliyotokana na kuboreka kwa utendaji.

Kampuni (kundi) ilipata kiasi kidogo cha hasara kabla ya kodi ya TZS 0.63bn mwaka 2020 ambayo imepungua kutoka hasara iliyopatikana kabla ya kodi ya TZS 13.8bn iliyopatikana mwaka 2019. Kupungua kwa hasara kabla ya kodi ilitokana na kuongezeka kwa faida ya uendeshaji, kupungua kwa hasara zitokanazo na ubadilishaji wa fedha za kigeni na hasara ya thamani ya fedha ambazo zinahusiana na deni la mkopo wa ujenzi wa kiln mpya kuthaminishwa kwa Dola ya Kimarekani (UDS). Viwango vya deni vilivhobaki vya madeni vilipungua kutokana na malipo kwa awamu yaliyofanyika mwaka 2020 na kuboreka kwa usimamizi wa akiba ambayo inajumuisha lakini bila kuweka pembani mikakati ya ununuzi wa fedha za kigeni na viwango vya udhibiti wa mitaji ya kazi.

Kampuni ilipata hasara baada ya kodi ya TZS 2.1bn mwaka 2020 ambayo imeboreka kutoka hasara ya TZS 11.9bn iliyopatikana mwaka 2019.

Fedha iliyopatikana kutokana na shughuli za biashara iliboreka kwa asilimia kumi na mbili (12%) na kuwa TZS 47.7bn kutoka TZS 42.7bn ilitopatikana mwaka 2019. Mtiririko wa fedha halisi kutokana na uendeshaji pia uliongezeka kwa asilimia sita (6%) na kuwa TZs 42.8bn kutoka TZS 40.6bn iliyopatikana mwaka 2019. Mtiririko wa fedha halisi kutokana na uendeshaji, na utendaji bora wa EBITDA ni ushahidi wa misingi bora ya kibiashara ya uendeshaji wa kampuni.

Kampuni inaendelea kujitoa kuhakiksha mauzo, ufikishaji bidhaa sokoni na mipango yake ya kupunguza gharama za uendeshaji vinaendelea kuwa suluhisho la kuongeza thamani ya wadau wake. Kampuni inabaki kuwa na maratajio chanya kwa mwaka 2021 licha ya ushindani mkali na athari za UVIKO-19. Mipango ya Serikali ya kukuza uchumi kupitia maendeleo ya miundombinu na ukuzaji wa viwanda vya ndani vinatarajiwa kuchochea uzalishaji wa ndani wa simenti na matumizi huku ikiendelea kuzuia utitiri wa uingizaji wa simenti kutoka nje.

Waraka wa Mwenyekiti

faida ya uendeshaji imeongezeka kwa asilimia thelathini na tisa (39%) na kuwa TZS 17.3bn kutoka TZS 12.4bn iliyopatikana mwaka 2019 ikiwa ni matokeo bora ya upunguzaji gharama za uendeshaji, utawala, usambazaji na ufikishaji bidhaa sokoni.

Gawio

Kama mwaka 2019, Kampuni iliona ni busara kuto pendekeza kutangaza ulipaji wa gawio kwa wanahisa wake ili ibaki kuwa endelevu na iweze kukabiliana na changamoto za sasa za kiuchumi zilizosababishwa na janga la UVIKO-19 na mambo mengine. Bodi imedhamiria kuendelea kutumia rasilimali zilizopo kwa shughuli kiutendaji na pia kulipia deni. Bodi itatathmini utendaji wa kifedha katika kipindi cha mwaka 2021 wakati ikifikiria kuhusu tamko lijalo la gawio.

Hitimisho

Kampuni inaendelea kuwashukuru wafanyakazi wake kwa mapenzi yao na kujitoa walikokuonesha katika kipindi hiki pamoja na kuwepo kwa changamoto, na pia kwa wateja wake kutokana na uaminifu wao kwa chapa yetu ya Simba Simenti, wakati kundi linafanya kazi ili kuweza kufikia mikakati yake ya ukuaji ya muda mfupi na ya muda mrefu.

Pamoja na Tanzania kubaki kuwa mshirika mkuu katika Jumuia ya Afrika Mashariki kwenye soko la ujenzi, uzalishaji wa simenti unategemewa kuongezeka na Kampuni imejiweka tayari kuchukua fursa hizo za ukuaji wa soko kwenye kanda.

Kwaniaba ya Bodi ya Wakurugenzi

Wakili Lawrence Masha

Mwenyeki wa Bodi

SIMBA CEMENT
STRENGTH WITHIN


WE CONSTRUCT TODAY
AND TOMORROW.
SIMBA IMARA
SIMBA BORA
SIMBA BARABARA
Quality products from Tanga Cement PLC

Reinhardt Swart
Managing Director

> *Operating profit for the year increased by 39% to TZS 17.3bn from TZS 12.4bn achieved in 2019 resulting from optimisation of operational, administration, distribution and logistics costs.*

Managing Director's Report

Tanga Cement Public Limited Company is proud to present its financial results for the 2020 financial year, reflecting slightly more challenging environment than the comparative period in 2019, turning to account management's focused drive in executing a number of strategies against the backdrop of continued competitive market pricing and the global Covid-19 pandemic. 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 for the past four years.

We continue to be the market leader in restoring some degree of financially responsible and sustainable pricing levels and consumer expectations.

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

Group's sales revenue decreased marginally by 4%, to TZS 213bn from TZS 221bn achieved in 2019. Despite the fact that the gross profit decreased by 1% to TZS 54.2bn from TZS 54.6bn achieved in 2019, the gross margin increased by 3% mainly due to the savings realised in the cost of production in line with the management's commitment to improving company's financial performance. Operating profit for the year increased by 39% to TZS 17.3bn from TZS 12.4bn achieved in 2019 due to optimisation of operational, administration, distribution and logistics costs.

We are proud to report that EBITDA improved by 13% to TZS 41bn from TZS 37bn achieved in 2019 driven by improved efficiencies across the operations.

Cash generated from trading activities improved by 12% to TZS 47.7bn from TZS 42.7bn in 2019. Net cash flows from operations has also increased by 6% to TZS 42.8bn from TZS 40.6bn recorded in the previous year. The improvements in net cash flows from operations and EBITDA performance are testament to the Group's excellent operational business fundamentals

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Sustainable Growth

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

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

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

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

Outlook

Management will continue to implement its 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 the continued business improvements in the medium term poised on management's current strategic projects to capitalise on the high demand for cement in infrastructure development. We remain cognisant of the macroeconomic and geopolitical developments and potential single-dimensional price-driven competition strategy of competitors.

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 2021-2023.

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

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

Kamouni ya Tanga Cement Public Limited inayo fahari kuwasilisha taarifa zake za hesabu za mwaka 2020, ikionesha changamoto kidogo kwenye mazingira ya uendesheji kulingana na kipindi cha mwaka 2019, kugeukia katika mfumo wa usimamizi wa akaunti katika kutekeleza msukumo wa kupata hesabu nzuri kulingana na mikakati kadhaa dhidi ya kuongezeka kwa ushindani wa bei sokoni na janga la UVIKO-19. Mfumo wetu wa biashara udhibiti wa gharama umeonekama kuwa thabiti na umeleta matokeo mazuri na ya muda mrefu, ukipunguza makali ya ushindani katika soko la simenti ambao umeibuka nchini kwa kipindi cha miaka minne iliyopita.

Tunaendelea kuwa kiongozi wa soko katika kurudisha kiwango fulani kwenye viwango vya bei vinavyohusika na uendelevu wa viwango vya bei vinavyoendana na matarajio ya wateja.

Ubora wa simenti yetu na mafanikio kiutendaji wetu kiusalama na kiundeshaji ni vya viwango vya juu zaidi na vya kimataifa na vimethibitishwa kuwa na faida kwetu kwenye ushindani endelevu katika nyanja zote za biashara.

Utendaji wa Kifedha

Mapato ya mauzo ya kundi yalipungua kidogo kwa asilimia nne (4%) na kufikia TZS 213 bn kutoka TZS 221 bn iliyopatikana mwaka 2019. Licha ya ukweli kwamba faida ghafi ilipungua kwa asilima moja (1%) na kufikia TZS 54.2 bn kutoka TZS 54.6 bn iliyopatikana mwaka 2019, pato la jumla liliongezeka kwa asilimia tatu (3%) haswa ikiwa ni kutokana na akiba iliyopatikana kutokana na gharama za uzalishaji ikiendana na dhamira ya kujitoa kwa uongozi katika kuboresha utendaji wa kifedha wa kampuni. Faida ya uendeshaji kwa mwaka iliongezeka kwa asilimia thelathini na tisa (39%) na kufikia TZS 17.3bn kutoka TZS 12.4bn iliyopatikana 2019 kutokana na uboreshaji wa utendaji, usimamizi, usambazaji na gharama za ukifishaji bidhaa sokoni.

Tunajivunia kuwasilisha Mapato kabla ya Riba, Kodi, Gawio na Uchakavu (EBITDA) iliyoboreka kwa asilimia kumi na tatu (13%) mpaka TZS 41bn kutoka TZS 37bn iliyopatikana mwaka 2019 iliyotokana na ufanisi wa bora katika shughuli zetu za zote.

Fedha taslimu zilizotokana na shughuli za biashara ziliboreshwa kwa asilimia kumi na mbili (12%) na kufikia TZS 47.7bn kutoka TZS42.7bn mwaka 2019. Mtiririko wa fedha zilizotokana na shughuli za uendeshaji pia uliongezeka kwa asilimia sita (6%) na kufikia TZS 42.8bn kutoka TZS 40.6bn iliyo rekodiwa mwaka uliopita. Maboresho ya mtiririko wa fedha yaliyotokana na uedneshaji na ufanisi wa EBITDA ni ushahidi wa misingi ya utendaji bora wa misingi ya biashara ya kundi.

Ukuaji Endelevu

Tuko makini katika kubadilisha mikakati yetu ya kibiashara kufuatana na jiografia ya kisiasa na uchumi mdogo kufuatana na mabadiliko ya soko tukiwa tunabaki tukitambua biashara yetu kuu na wajibu wetu kwa wadau wetu wote.

Programu zetu zinazoendelea za uboreshaji na ufanisi wa uzalishaji, utendaji na ufikishaji bidhaa sokoni zinaleta matokeo ya kufurahisha wakati tukiilinda chapa ya simenti yetu na ubora wa hali ya juu na utendaji wa simenti yetu.

Uwekezaji mkubwa wa mtaji uliofanywa katika kuongeza kiwango chetu cha uzalishaji, kilichofanyika kupitia Mkataba wa Uendeshaji uliotiwa saini kati ya Kampuni na Kituo cha Taifa cha Uwekezaji (TIC), kimeiwezesha Tanga Cement kukidhi matarajio ya ongezeko la mahitaji ya simenti nchini Tanzania..

Makubaliano kati yetu na Tanzania Rail Company Ltd (TRC) unatuwezesha kupata mabehewa zaidi yaliyotengwea maalum kwajili ya usafirishaji kwenye njia za kimkakati za usambazaji. Faida hii inatupunguzia zaidi gharama za uhifadhi na usafirishaji tukiwa tunatumia usafiri na usambazajia kwa kutumia reli nchini Tanzania.

Mtazamo

Uongozi utaendelea kutekeleza mikakati yake ya kibiashara ya muda mrefu, uzalishaji na usambazaji wenye ufanisi na uvumbuzi, utoaji bidhaa na suluhisho la usambazaji kwa wateja wetu na kuchangia kwenye miradi ya kitaifa ya miundo mbinu.

Tunatarajia kuendelea kuboreka kwa mazingira ya biashara katika kipindi cha kati kinachotarijiwa kwenda sambamba na miradi ya kimkakati ya sasa ya uongozi ili kunufaika na mahitaji makubwa ya simenti yanayotokana na maendeleo ya miundo mbinu. Tunaendelea kutambua maendeleo ya uchumi mkuu na ya kijiografia na uwezekano wa ushindani unaosababishwa na mikakati ya washindani kwetu kwenye bei.

Tuna matumaini ya matokeo chanya ya mipango ya maendeleo ya miundombinu chini ya mpango wa maendeleo wa Serikali wa mwaka 2025, tukitarajia miradi kuendelea na kuimarika na kushika kasi kwa mwaka 2021 mpaka 2023.

Uongozi una uhakika kwamba hatua ambazo kampuni imezitekeleza pamoja na juhudi za Serikali ya Tanzania za kuleta utulivu wa uchumi kutokana na athari ambazo zingetokana na janga la UVIKO-19, itahakikisha uimara wa uchumi endelevu na kampuni. Tumejitolea zaidi kushiriki na kufanyakazi na Serikali ili kuhakikisha afya na usalama wa wadau wetu wote.

Reinhardt Swart
Mkurugenzi Mtendaji

Human Resources

At a Glance

As Covid-19 was taking hold, we quickly responded in various ways to safeguard the health and safety of our employees.

302
Total number of employees

Performance
To be the best in everything we do.

Planet
Responsible approach to the community and environment

People

Tanga Cement had a total number of 302 permanent employees in 2020, which was within the approved budget.

Our values of People, Performance and Planet remain at the centre of everything we do and creates the framework for our professional behaviour. We have had success in terms of employees' ability to make the right decisions, which supported the company to achieve its vision and goals.

Talent attraction and retention

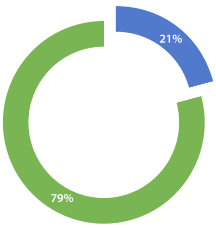
We aim to attract the best people in the industry, nurture them and putting them into the right roles to suit their talents and to support the current and future business needs.

We give our people the support they require to thrive by empowering them through professional and personal development opportunities.

The company retained its key staff during the year with only 21% of leavers being voluntary.

About 50% of the involuntary staff turnover consisted of people who had reached retirement age.

Turnover



Safeguarding our people against Covid-19

With 2020 being an unprecedented year where the pandemic caused a significant slow-down on the global economy, Tanga Cement strived to continue operating with the utmost consideration for its employees, colleagues, customers, contractors, suppliers and the community at large.

As Covid-19 took hold, we quickly responded with various initiatives to safeguard the health and safety of our stakeholders. This was steered by a cross-functional task team which included senior managers as well as champions in the workplace. Our communication campaign focused on educating our people to understand how the virus spreads and what can be done avoid transmission. We reduced the number of people in the workplace through alternative work arrangements for selected roles and provided employees with face masks and hand sanitiser. We also set up a 24 hour counselling support service, remotely and conveniently to assist employees and their families cope with the uncertainty of the virus.

In order to ensure our people, remain safe and productive, we continue to screen body temperature of all persons entering the premises, practise social distancing and enhanced personal hygiene with hand washing and sanitising points across the plant. All workplace surfaces and staff transport busses are disinfected daily. Our social distancing protocols include limiting the number of people who visit our site and attend meetings in the same room.

All employees, contractors and visitors are required to complete an online self-assessment form which provides instant feedback so that we can take the necessary action as soon as they experience the applicable symptoms.

As the pandemic persists, so will our unwavering support for our people

Learning and development

We continue to create a learning culture and invest in improving capabilities that will help the company and employees.

In 2020, there was an 86% decrease in training days compared to the previous year, due to remote working, travel restrictions and reduced face-to-face engagement methods.

Most of the training time in 2020 (39%) was spent on theoretical education, compared to the previous years where training time was mostly spent mostly on technical skills.

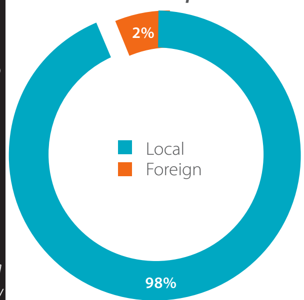
During the year, we also saw an increased uptake in digital learning which was driven by more remote working.

We will continue to encourage training programmes by leveraging off virtual online platforms and channels. This will enable us increase the number of participants in the most cost efficient way.

86%
Decrease in training days over the previous year, due to remote working restrictions.

39%
was spent on theoretical education, compared to the previous years where training time was mostly spent mostly on technical skills.

Workforce Composition



SIMBA CEMENT
STRENGTH WITHIN

Human Resources

The Future of Work

The global events of 2020 accelerated the evolution digital transformation and remote working productivity.

We continue to develop a long-term strategy to retain the roles and skills required to deliver on the business expectations.

Creating an inclusive work environment

Our workforce is comprised of 98% locals. There are 3 foreign nationals at the executive committee level and succession planning is done to ensure effective leadership continuity.

At year-end, 18% of our employees were aged 30 years and below; 51% were aged between 31 and 50 years, and the remaining 31% were over 50 years of age which is a healthy age-balanced workforce. This is in line with our recruitment strategy over the past 5 years.

Females now represent 11% of the total workforce of which 13% are in senior management roles.

Gender imbalance has historically been a challenge in the industrial sector, but we have managed to significantly reduce the shortage of qualified females in key roles for the company and the cement industry at large.

The company has partnered with the Tanzania Women Architects for Humanity (TAWAH) which is a group of professional female architects, engineers, quantity surveyors and scientists to support their efforts to shift the gender imbalance by mentoring young newly qualified women in the construction industry.

We continue to ensure that our working environment is accessible and inclusive for all colleagues, and our people are expected to conduct themselves in a professional and tolerant manner towards others with diverse ethnicity, genders and religions.

Engaging with employees

In 2020, our focus was on ensuring the health and safety of our employees during the pandemic challenge and we continue to monitor employee engagement levels throughout the employee lifecycle in 2021 and beyond.

Labour relations

The Employee relations climate has been relatively calm.

In 2020, 82% of our workforce was members of a trade union and their terms of employment is guided by a collective bargaining agreement.

There was no industrial or labour action during the year, which attests to the exceptional level of employee satisfaction.

There is no under-aged or forced labour in our operations.

Business conduct

We expect our people to always abide to the highest ethical principles and standards of conduct.

These principles are incorporated in our Code of Ethics and Conduct policy and procedure.

We have a confidential multilingual anonymous tip-off platform for employees, which is managed by an independent whistleblowing service provider. It enables them to report any concerns about potentially unethical, unlawful or unsafe conduct or practices that conflict with our values and code of conduct.

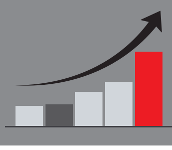
The Board reviews and approves the Code of Ethics and Conduct annually.

Rasilimali Watu

Kwa kifupi

Tulijitahidi kufanya kazi kwa kuzingatia usalama wa hali ya juu kwa wafanyakazi, wateja, wakandarasi na jamii kwa ujumla dhidi ya janga la Uviko 19.

302 Jumla ya wafanyakazi



Performance Tunakuwa bora katika kila tunachofanya.

Sayari Tunawajibika kwa jamii na mazingira

Watu

Jumla ya wafanyakazi ilikuwa 302, ikiwa ni ndani ya idadi iliyoidhinishwa kwa mwaka 2020.

Maadili yetu; yaani Watu, Utendaji na Sayari yanaendelea kuwa msingi wa kila tunachofanya na, namna ambayo sisi waajiriwa tunatarajiwa kuishi. Tumefanikiwa kwenye suala la wafanyakazi wetu kufanya maamuzi sahihi ambayo yalisaidia kufikia maono na malengo ya kampuni.

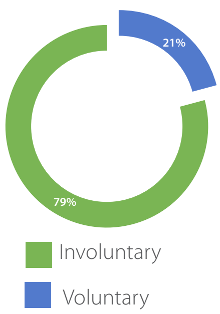
Vipaji

Tunakusudia kuvutia watu bora, kulea vipaji na kuwapa majukumu sahihi kulingana na vipaji vyao na hatimaye kusaidia biashara yetu – kwa sasa na kwa siku zijazo.

Tunawasaidia watu wetu kustawi kwa kuwawezesha kupitia fursa za maendeleo ya kitaalam na binafsi.

Kati ya idadi ya walioondoka kazini mwaka jana, wastaafu walikuwa kwa kama asilimia 50 na asilimia 21 kwa hiari yao.

Turnover



Kulinda Watu Wetu Dhidi ya UVIKO-19

Mwaka 2020 ulikuwa wa kipekee, ambapo janga la UVIKO 19 lilijaribu pande zote za ulimwengu.

Tulijitahidi kufanya kazi kwa kuzingatia usalama wa hali ya juu kwa wafanyakazi, wateja, wakandarasi na jamii kwa ujumla.

Kadri ugonjwa huu ulivyokuwa ukishika kasi, ndivyo nasi tulivyozidisha jitihada kwenye kulinda afya na usalama wa wafanyakazi wetu na wadau wote.

Jitihada hizi ni pamoja na uteuzi wa kikosi kazi kilichojumuisha mameneja wa juu; elimu na mawasiliano ya kusaidia kuelewa wa namna virusi vinavyoenezwa na namna ya kudhibiti; kupunguza idadi ya watu kazini kupitia mpango mbadala wa kafanyia kazi nyumbani kwa baadhi ya wafanyakazi; kuwapatia wafanyakazi wetu vifaa vya kinga na huduma ya ushauri nasaha kwa njia ya simu kwa masaa 24 kwa ajili yao na familia zao.

Ili kuhakikisha watu wetu wanabaki salama na kuwa na tija, tunaendelea kupima joto la mwili wakati wa kuingia kiwandani; kuhakikisha usafi wa binafsi kwa kuweka maeneno ya kunawa na/au kujipukusa mikono; kudumisha umbali unaoshauriwa na wataalamu wakati wote wa mikutano; kudhibiti idadi ya watu wanaotembelea kiwandani na kutumia madawa ya kujipukusa kwenye usafiri wa wafanyakazi.

Wafanyakazi wote pamoja na wakandarasi na wageni hutumia dodoso la kieleknoniki kwa ajili ya kujitathmini ambapo majibu yanapatikana papo hapo na hatua stahiki kuchukuliwa mara moja.

Kadri janga litakavyokuwepo, ndivyo tunavyoendelea kuwalinda watu wetu.

Mafunzo na Maendeleo Kazini

Tunaendeleza utamaduni wa kujifunza na kuwekeza katika sifa na stadi husika ili kusaidia kampuni na wafanyakazi.

Kwa sababu ya UVIKO 2019, siku za mafunzo zilipungua kwa asilima 86% kwa sababu ya kufanyia kazi nje ya ofisini na kupunguza kuonana uso kwa uso kwa mwaka 2020.

Muda mwingi wa mafunzo (asilimia 39%) ulitumika kutoa elimu ya UVIKO 10, tofauti na miaka ya nyuma ambapo muda wa mafunzo mwingi hutumika kwenye elimu ya utaalamu.

Ndani ya mwaka huo pia tuliona ongezeko la mafunzo kwa njia ya kidijitali, kwa sababu ya kufanyia kazi nyumbani.

Tutaendelea kuhamasisha programu za mafunzo kwa njia ya mtandao. Mfumo huu utatuwezesha kuongeza idadi ya washiriki kwa gharama nafuu.

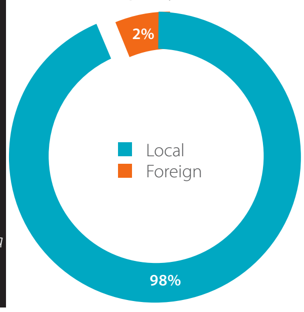
siku za mafunzo zilipungua kwa asilima

86%

39%

ulitumika kutoa elimu ya UVIKO 10, tofauti na miaka ya nyuma ambapo muda wa mafunzo mwingi hutumika kwenye elimu ya utaalamu.

Ujumuishaji kwenye Mazingira ya Kazi



SIMBA CEMENT
STRENGTH WITHIN

Rasilimali Watu

Mahala pa Kazi Kwa Siku Zijazo

Matukio ya mwaka 2020 yameongeza kasi ya kukubaliana na mageuzi kwenye mahala pa kazi kwa siku zijazo.
Kufanyia kazi nyumbani sambamba na mabadiliko ya kidijitali ilikuwa ni hatua ya kwanza tu.

Tumejipanga kuwa na mipango ya muda mrefu kwa ajili ya kazi na stadi za siku zijazo.

Kadiri kasi ya mabadiliko ulimwenguni inavyoongezeka, mipango ya mahala pa kazi kwa siku zijazo itatusaidia kujiandaa mapema na kuhakikisha kuwa tuna watu na mikakati inayofaa kwa kufikisha malengo ya biashara, sasa na katika siku zijazo.

Ujumuishaji kwenye Mazingira ya Kazi

Kampuni inaweka mazingira jumuishi yanayopelekea kila mmoja kujitoa kikamilifu kwenye mahala pa kazi.

Asilimia 98 ya wafanyakazi wetu ni wazawa; raia wa kigeni ni watatu(3) tu ambao wako kwenye ngazi ya juu ya uongozi. Mipango ya urithi kwenye nafasi hizi ipo ili kuhakikisha mwendelezo wa uongozi.

Hadi kufika mwisho wa mwaka 2020, idadi ya wafanyakazi wetu wenye umri wa miaka 30 au chini ya hapo ilikuwa asilimia 18; wenye umri kati ya 31 na 50 walikuwa asilimia 51 na asilimia 31 iliyobaki ni wa umri wa zaidi ya miaka 50; mchanganyiko ambao ni wa afya kwenye mahala pa kazi. Hizi zimekuwa jitihada za makusudi kupitia mkakati wa uajiri kwa miaka 5 iliyopita.

Wanawake sasa ni asilimia 11 ya wafanyakazi wote; na asilimia 13 kwenye uongozi. Ukosefu wa usawa wa kijinsia umekuwa changamoto kwa muda mrefu katika nyanja yetu, lakini tunajitahidi kukabiliana na changamoto hii kwenye uhandisi na sekta ya saruji kwa ujumla. Kwa mfano, kampuni inashirikiana na taasisi ya Tanzania Women Architects for Humanity (TAWAH) ambayo ni kundi la wanawake wasanifu majengo, wahandisi, wakadiriaji ujenzi na wanasayansi ili kuunga mkono juhudi zao za kuongeza usawa wa kijinsia kwa kulea na kutoa ushauri kwa wanawake vijana walio kwenye nyanja ya ujenzi.

Tunaendelea kuhakikisha kuwa mazingira yetu ya kazi ni jumuishi na yana usawa kwa wafanyakazi wote, na ni mategemeo yetu kuwa watu wetu wataishi kwa namna ambayo haidhalilishi tofauti zetu.

Ushiriki wa Watu Wetu

Lengo kubwa mwaka 2020 katika ajenda ya ushiriki wa wafanyakazi lilikuwa ni kuhakikisha afya na usalama wa wafanyakazi wetu katika kipindi chote cha janga la UVIKO 19 na tunaendelea kuifuatilia kwa karibu ajenda hii kwa kipindi cha 2021 pia.

Mahusiano Kazini

Hali ya mahusiano kazini imeendelea kuwa shwari.

Kwa mwaka 2020, asilimia 82 ya wafanyakazi iliwakilishwa na chama cha wafanyakazi na mkataba wa hali bora.

Hakukuwa na mgomo au tishio la mgomo.

Hakukuwa na waajiriwa wa chini ya umri wa miaka 18 au waliolazimishwa kufanya kazi.

Mwenendo

Tunatarajia watu wetu waziishi kanuni za maadili na mwenendo kazini, kila wakati. Matarajio haya yameainishwa kwenye sera na utaratibu zetu.

Tip off Anonymous ni jukwaa la kutoa taarifa zenye uelekeo wa kukiuka maadili, kuvunja sheria au kuhatarisha usalama. Jukwaa hili linaendeshwa na mtoa huduma huru na kwa siri. Mfanyakazi yoyote anayetoa taarifa hizi ana uhuru wa kutumia Kiingereza au Kiswahili.

Bodi ya kampuni ilifanya mchakato wake wa kila mwaka wa kupitisha Kanuni za Maadili na Mwenendo.

Watu wetu ni muhimu katika yote tunayofanya.

Corporate Social Investment

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

Tanga Cement PLC has a vested interest in a social development of Tanzanian communities, with the aim of giving hope to citizens of these areas. These are the communities which are within company's sphere of influence and beyond.

Annually, the company sets aside 1% of its profit after tax for disbursement for Tanzania communities' social infrastructure development projects.

Besides the fact that for the financial year, the company did not get profit, below are the areas which the company socially invested in:

Miriam Shemndolwa
After learning that Miriam has residence challenge, the news which came to us after Hon Prime Minister visited her place with the aim of supporting her; Tanga Cement PLC decided to give a hand to Hon Prime Minister's efforts by donating a total of three hundred bags (300) of cement to Miriam. The donated cement was part of the construction materials which were required to complete construction of Miriam's house. The house has already been constructed and Miriam is now residing in a decent house

1. **Friends of Serengeti**
   This is an on-going support from the company to this NGO which deals with environmental conservation. For the financial reporting year, Friends of Serengeti received a total of five hundred bags (500) of simba cement for the same purpose of conserving environment at the Serengeti and Tarangire parks. The cement was used to improve and construct rangers' posts, water stations and water storages, as well as repair of some units in the parks.

2. **Nyakakika Secondary School**
   Students of this secondary school in Karagwe are now enjoying proper education infrastructure in their school whose improvement was supported by Tanga Cement PLC through donation. The company donated a total of three hundred (300) bags of simba cement to classrooms renovation.

.3. **Little Sisters of St Francis**
   This is a centre for disadvantaged children based in Arusha. The Centre had no fence which could ensure safety of the children. The company decided to donate a total of one thousand six hundred bags of simba cement for construction of the centre's fence and other facilities.

4. **Bombo Hospital and Tanga Regional Police Force**
   During COVID – 19 outbreak in Tanzania, Tanga was also hit by the virus as is part of the country as well as it is closer to the boarder of Kenya. In consideration of the situation and Tanga people's health, Tanga Cement decided to donated various Personal Protective Equipment (PPE) and other items for Tanga Regional Hospital (Bombo) and the Tanga Regional Police Force. The PPEs include of face masks, sanitizers, sanitizing machines, etc. The company extended its support by constructing a shade for patients and other people visiting the hospital so they could observe social distancing.

5. **Holili Ward, Rombo District**
   This is one of the areas where Tanga Cement PLC gets raw materials (pozzolana). The company feel obliged to make sure it support social infrastructural development for this area. Holili got donation of 1500 tons of moram and wheel loader service to facilitate infrastructure improvement.

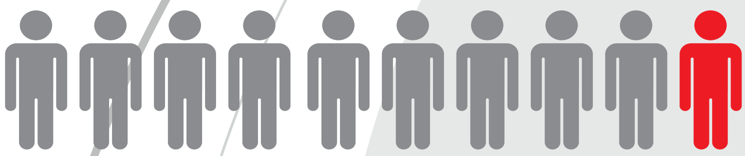
6. **Rosmini Secondary School**
   The school used to be under Tanga Cement and very close to the plant. Knowing its responsibility to the community, the company has been supporting the school to uplift and expand it's infrastructure by donating cement as well as paying school fees for the students from this school under recommendations from the head of the school and the committee. There are three students who are sponsored by the company for their higher learning education.

7. **Tanzania Women Architects**
   This is an association of women in construction industry whose mission is to support and empower fresh graduates before they get employed. Their aim is to equip these young women professionals before getting to practice their professions, either by formal employment or being entrepreneurs (self-employment).

Tanga Cement CSR Mission and Policy statement outlines purpose and areas where the company focuses on supporting Tanzanian communities' infrastructure development and improvement. The main aim is to uplift these communities through various projects which are suggested by a certain authority.
Normally donations reports are done quarterly and submitted to the board of directors.

Uwekezaji wa Kijamii wa Kampuni

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



Tanga Cement PLC imejikita katika kusaidia maendeleo ya jamii za kiTanzania kwa lengo la kuwapa matumaini watanzania wote haswa katika maeneo yanayogusa jamii moja kwa moja. Hii inajumuisha jamii ambazo ziko katika maeneo ya uzalishaji ya kampuni na zaidi ya hapo.

Kila mwaka, kampuni inapopata faida hutenga asilimia moja ya faida hiyo baada ya kodi kwa ajili ya kuwezesha miradi mbalimbali ya maendeleo kwenye jamii husika.

Ifuatayo ni miradi ya uwekezaji kwa jamii kwa mwaka 2020

Miriam Shemndolwa
Baada ya kupata taarifa kuhusu changamoto ya makazi iliyokuwa ikimkabili Miriam kupitia habari ambazo zilitujia kufuatia Waziri Mkuu kumtembelea Miriam nyumbani kwake kwa lengo la kumsaidia, Tanga Cement PLC iliona haja ya kuunga mkono jitihada za Waziri kwa kuchangia jumla ya mifuko ya Simba Cement mia tatu (300).

Simenti hiyo iliyotolewa ilikuwa ni sehemu ya vifaa vya ujenzi ambavyo vilikuwa vinahitajika ili kukamilisha ujenzi wa nyumba ya kuishi Miriam. Ujenzi wa nyumba tayari umekwisha kamilika na sasa Miriam anaishi kwenye nyumba nzuri na salama.

1. **Friends of Serengeti**
   Msaada huu ni endelevu kutoka Tanga Cement PLC kwenda kwa taasisi hii isiyo ya kiserikali ambayo hujishugulisha na masuala ya uhifadhi wa mazingira. Kwa mwaka wa kifedha 2020, Friends of Serengeti ilipokea jumla ya mifuko mia tano (500) ya Simba Cement, dhumuni likibaki kuwa lilelile la uhifadhi wa mazingira katika Mbuga za wanyama ya Serengeti na Tarangire. Simenti hiyo ilitumika kuboresha na kujenga vituo vya ulinzi, eneo la kuhifadhia maji, visima, pamoja na ukarabati wa maeneo kadhaa ya kwenye njia za wanyama katika mbuga hizo.
2. **Shule ya Sekondari Nyakakika**
   Wanafunzi wa shule ya sekondari Nyakakika wilaya ya Karagwe kwa sasa wanafurahia miundombinu sahihi ya elimu katika shule yao ambayo uboreshaji wa miundombinu ya elimu shuleni hapo ulifanywa na kampuni ya Tanga Cement PLC kwa kuchangia jumla ya mifuko mia tatu (300) ya Simba Cement kwaajili ya ukarabati wa madarasa ya kusomea.
3. **Little Sisters of St Francis**
   Hiki ni kituo cha watoto waishio kwenye mazingira magumu kilichopo jijini Arusha. Hapo awali, Kituo hiki hakikukwa na uzio ambao ungehakikisha usalama wa watoto hao. Kupitia programu yake ya uwekezaji kwa jamii, Tanga Cement ilichangia jumla ya mifuko elfu moja na mia sita (1600) ya Simba Cement ili kuwezesha ujenzi wa uzio na huduma nyingine kwaajili ya kituo.
4. **Hospitali ya Bombo na Jeshi la Polisi Mkoa waTanga**
   Wakati wa mlipuko wa UVIKO -19 nchini, Mkoa wa Tanga pia ulikumbwa na virusi hivyo kama mikoa mingine nchini. Hii ni pamoja na kuwa mkoa huu unapakana nan chi jirani ya Kenya, ambapo kuna muingiliano wa wageni toka nchi hiyo. Kwa kuzingatia hali hiyo na afya ya wakazi wa mkoa wa Tanga, Tanga Cement PLC iliamua kuchangia vifaa vya kujikinga (PPE) pamoja na vifaa vingine kwa Hospitali ya Mkoa wa Tanga (Bombo) na Jeshi la Polisi mkoa wa Tanga. Vifaa vilivyotolewa ni pamoja na barakoa, vitakasa mikono, mashine za vitakasa mikono, n.k.

   Katika kuboresha utoaji huduma eneo la hospitali, kampuni pia ilijenga eneo maalum la kusubiria (kivuli) kwa ajili ya wagonjwa na watu mbalimbali wanaotembelea wagonjwa hospitalini hapo, lengo likiwa ni kupunguza misongamano ili kuweza kuzingatia umbali kutoka mtu mmoja na mwingine kama ilivyoshauriwa na wataalama wa afya.
5. **Kata ya Holili**
   Hili ni moja wapo ya maeneo ambayo Tanga Cement PLC hupata malighafi yake aina ya pozolana. Kutokana na hilo, Kampuni inao wajibu wa kuhakikisha inasaidia kwenye kuboresha miundombinu ya kijamii katika eneo hili. Kata ya Holili ilipata mchango wa mifuko mia tatu (300) ya Simba simenti kwa ajili ya uboreshaji wa miundombinu mbalimbali ya shule ndani ya kata hii.
6. **Shule ya Sekondari Rosmini**
   Hapo awali, shule hii ilikuwa chini ya Tanga Cement PLC, mbali na hilo, shule hii pia ipo karibu sana na kiwanda. Katika kutimiza jukumu lake kwa jamii, Kampuni imekuwa ikiisaidia shule hii ili kuweza kupanua na kuboresha miundombinu yake kwa kuchangia simenti pamoja na kulipa ada ya baadhi ya wanafunzi kutokana na mapendekezo ya Mkuu wa shule pamoja na kamati ya shule. Tanga Cement PLC imefadhili jumla ya wanafunzi watatu kwa ajili ya masomo ya elimu ya juu.
7. **Tanzania Women Architects**
   Taasisi hii inajumuisha wasanifu majengo wanawake pamoja na wanaweke wengine katika tasnia ya ujenzi lengo likiwa ni kuwasaidia na kuwawezesha wahitimu wa elimu ya juu ambao hawajapata ajira. Hii inajumuisha kuwawezesha wahitimu wanawake waweze kuajiriwa au kujiajiri, ili inapotokea wamepata ajira, waweze kufanya kazi kikamilifu au waweze kujiajiri wenyewe.

Sera ya uwekezaji kwa jamii ya Tanga Cement PLC inaelezea dhumuni na pia maeneo ya uwekezaji ambayo kampuni inazingatia, lengo likiwa ni kusaidia maendeleo ya jamii za kiTanzania. Lengo kuu ni kuinua jamii kupitia miradi mbalimbali ambayo inapendekezwa na uongozi wa eneo husika.

Kawaida ripoti hizi hufanyika kwa kila robo ya mwaka na kisha kukabidhiwa kwa Bodi ya wakurugenzi

SIMBA CEMENT
STRENGTH WITHIN

Safety and Environment

Environment

Our Company environmental management performance remained at the highest international standards for 2020. Employees and all other stakeholders such a contractors jointly contributed to this outstanding performance.

Our operations are conducted strictly in accordance to National Environmental Act of 2004 and ISO 14001:2015 as the key framework for assurance, compliance and environmental protection. The ISO 14001:2015 Surveillance Audit conducted in March 2020 by SGS Tanzania was successful and reaffirmed our continued certification.

The company applied and was granted a wastewater discharge permit by the Pangani Water Basin Office (PWBO) in compliance with the requirements of the Water Resource Management Act 11 of 2009. Furthermore, our proactive integrated environmental management programme ensured that we manage our environmental footprint responsibly.

In 2020 Tanga Cement planted 14,000 Teak trees, as part of our environmental conservation and rehabilitation programme. These young Teaks trees were cultivated from the nursery established on the Company's property from more than 15,000 seedlings.

Safety

We continued our exceptional safety performance in 2020 recording 2,377,544 hours without Lost Time Injuries. The Total Recordable Injury Frequency Rate (TRIFR) for the 12 months was 0.00 against the maximum allowed group standard of 3.4 and the 12 month rolling Lost Time Injury Frequency Rate (LTIFR) remained 0.00 against the maximum allowed group standard of 1.53.

The annual NOSA Safety Audit was conducted remotely in Dec 2020 due to Covid-19 travelling restrictions and safety protocols. The Company successfully managed to retain its NOSA 5 Star Rating as well as receiving two awards from NOSA: The first was The Excellence Award (Northern Region – 2nd Place) and the second was the NOSA International Award (2nd place) for implementation of the NOSA Integrated Five Star System in the D3 manufacturing sector

The company is committed to ensure the health and wellbeing of its employees and stakeholders who interact with our business. Therefore the company proactively introduced extensive additional health and safety procedures in March 2020 as a result of the global Covid-19 pandemic, in line with the Tanzanian government and World Health Organisation directives to curb the spread of the virus. Consequently, no Covid-19 cases were reported from employees during 2020


NOSA

Excellence Award

This certificate is awarded to

TANGA CEMENT PLC

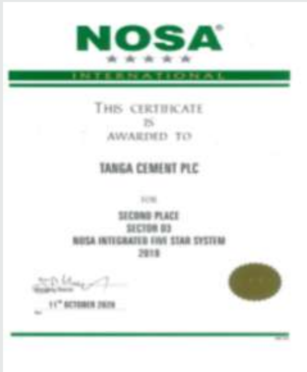
for

NOSA NORTHERN REGION
Second Place

on the

NOSA Integrated Five Star System
Sector D3: Manufacturing of coke, refined petroleum products, chemicals
2019

NOSA Excellence Award - Northern Region


NOSA
INTERNATIONAL

THIS CERTIFICATE IS AWARDED TO

TANGA CEMENT PLC

FOR

SECOND PLACE
SECTOR D3
NOSA INTEGRATED FIVE STAR SYSTEM

NOSA International Award Certificate

Tree planting at Tanga Cement's factory property

Usalama na Mazingira

Mazingira

Kwa ujumla utendaji wa kampuni yetu ulikuwa mzuri kwa mwaka 2020 katika eneo la mazingira. Wafanyakazi na wadau wetu wote kama vile wakandarasi kwa pamoja wamechangia mafanikio haya makubwa.

Shughuli zetu zinafanywa kwa kufuata sharia ya mazingira ya mwaka 2004 na mfumo wa kimataifa wa uendeshaji mazingira ISO 14001:2015, kwa lengo la kuhakikisha kampuni inalinda na kutunza mazingira. Ukaguzi wa ISO 14001:2015 uliofanywa na SGS Tanzania mwezi Machi, 2020 ulikuwa wa mafanikio na wenye matokeo chanya.

Kampuni iliomba kibali cha kuondoa majitaka kutoka ofisi ya mamlaka ya Bonde la mto Pangani (PWBO) na ilifanikiwa kupatiwa kibali kutokana na kukidhi matakwa ya sharia ya usimamizi wa Rasilimali maji Na.11 ya mwaka 2009. Zaidi ya hayo, mpango wetu makini na jumuishi wa usimamizi wa mazingira ulihakikisha mazingira yetu yanatunzwa ipasavyo.

Ndani ya mwaka 2020 Tanga Cement ilipanda miti 14,000 aina ya mitiki katika eneo lake kama moja ya mpango wa uhifadhi wa Mazingira. Miche hii iliyopandwa ilitoka kwenye vitalu vyetu vilivyokuwa na miche zaidi ya 15,000.

Usalama

Tuliendelea na utendaji wetu wa kipekee wa usalama ndani ya mwaka 2020. Mwishoni mwa mwaka 2020, Kampuni ilifanikiwa kufikisha masaa 2,377,544 bila ya kuwa na ajali iliyo poteza muda wa kazi (LTI). Kipimo cha ajali cha jumla (TRIFR) kwa miezi 12 kilikuwa 0.00 ukilinganisha na lengo la 3.4, wakati huo huo kipimo cha ajali zilizopoteza muda (LTIFR) kwa miezi 12 kilikuwa 0.00 ukilinganisha na lengo la 1.53.

NOSA walifanya ukaguzi wa usalama Disemba 2020, kwa njia ya mtandao. Kampuni ilifanikiwa kupata nyota tano (NOSA 5 stars audit rating). Kampuni ilipokea tunzo mbili kutoka NOSA: tunzo ya ubora na ya kimataifa kwa kuwa ya pili katika sekta D3 (ya uzalishaji) kwenye utekelezaji wa mfumo wa NOSA Kanda ya kaskazini.

Kampuni imeendelea kuhakikisha afya na ustawi wa wafanyakazi pamoja na wadau wake vinaendelea kulindwa. Kwa hiyo, katika kipindi cha mlipuko wa ugonjwa wa virusi vya korona taratibu za ziada za afya na usalama sambamba na maelekezo ya Serikali ziliwekwa ili kuzuia kuenea kwa vurusi na kulinda afya za wafanyakazi na wadau. Hivyo, hakuna kesi yoyote ya korona iliyo ripotiwa kutoka kwa wafanyakazi

NOSA
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Second Place
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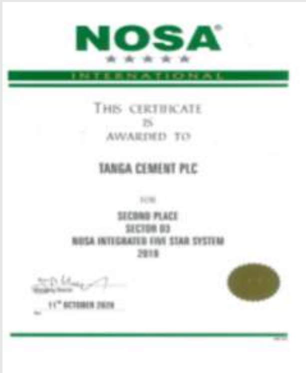
NOSA Integrated Five Star System
Sector D3: Manufacturing of coke, refined petroleum products, chemicals
2019

Cheti cha Tunzo ya ubora ya NOSA



NOSA
INTERNATIONAL
THIS CERTIFICATE IS AWARDED TO
TANGA CEMENT PLC
FOR
SECOND PLACE
SECTOR D3
NOSA INTEGRATED FIVE STAR SYSTEM
2019

Cheti cha tunzo ya kimataifa ya NOSA

Upandaji wa miti ndani ya eneo la Tanga Cement

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

SIMBA CEMENT PRODUCTS

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

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

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

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

PRODUCTS

Simba cement products are manufactured in accordance with Tanzania cement standard TZS 727-1 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 of cement specifically designed for applications where high strength is a requirement, and can be used in:

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

Features and Benefits

- This versatile cement is cost-effective because of its workability, strength and durability
- It saves time because of its high early-strength profile
- The strength of this cement makes it ideal for many specialised 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 and an all-purpose class cement which can be used for:

- Structural and non-structural cast, foundations, columns, beams, walls, girdles, paving slabs, kerbs, interlocking pavement bricks, block 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
- Mortar for filling the joints between precast elements
- Mortar for special flooring etc.

Features and Benefits

- This cement offers guaranteed high-performance and reactive mineral components with excellent cementitious 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 moderately aggressive conditions
- It is perfect for reducing the heat of hydration in mass concrete pour elements
- This concrete is resistant to chemical attacks
- 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 improves formability
- 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 stabilisation, 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.

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 stabilisation as it allows for adequate time to place and compact material.

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.

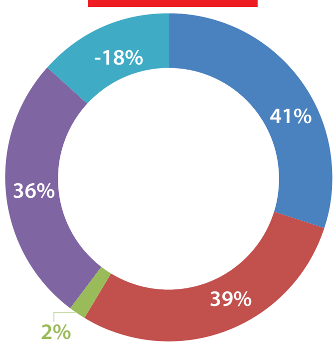
Issued by		Revision Number	06
	Board Chairman Lau Masha	Date	April 2015

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

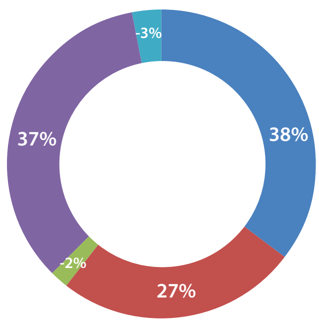
	2019 TZS'000	%	2020 TZS'000	%
Sales	220,882,297		212,512,260	
Bought in materials and services	(153,809,040)		(146,731,231)	
Income from other investments & financial income	780,667		436,167	
Value added	**67,853,924**	**30.7%**	**66,217,196**	**31.2%**
Distribution of value added	**67,853,924**	**100.0%**	**66,217,196**	**100.0%**
Employeees, management and directors	**27,981,724**	**41.2%**	**25,148,336**	**38.0%**
To providers of capital	**26,246,813**	**38.7%**	**17,895,343**	**27.0%**
- Financial expenses	26,246,813		17,895,343	
- Dividends	-		-	
To pay the government	**1,165,752**	**1.7%**	**1,103,680**	**1.7%**
- Corporate taxation	1,165,752		1,103,680	
To provide for maintenance and expansion of assets	**24,334,730**	**35.9%**	**24,214,893**	**36.6%**
- Depreciation	24,334,730		24,214,893	
To expand of the Group	(11,875,095)	**-17.5%**	**(2,145,056)**	**-3.2%**
- Retained profits/ (Loss)	(11,875,095)	100.0%	(2,145,056)	100.0%

	Dec-19	Dec-20
Employeees, management and directors	41%	38%
To providers of capital	39%	27%
To pay the government	2%	2%
To provide for maintenance and expansion of assets	36%	37%
To expand of the Group	-18%	-3%

Dec 19



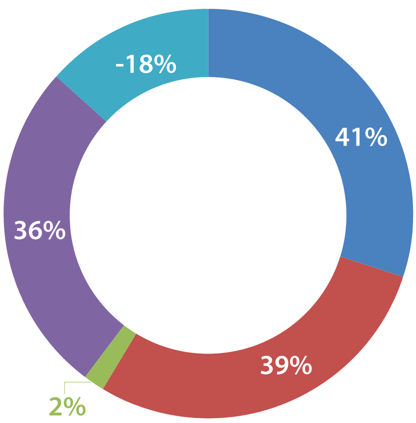
Dec 20



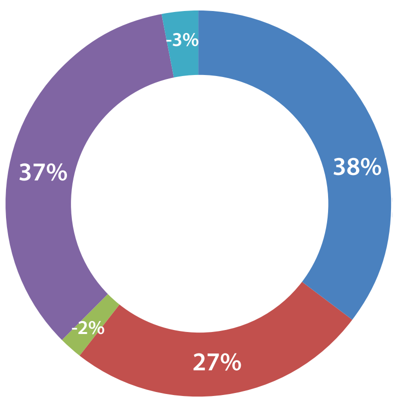
	2019 TSH'000	%	2020 TSH'000	%
Mauzo	220,882,297		212,512,260	
Bidhaa na huduma zilizonunuliwa	(153,809,040)		(146,731,231)	
Mapato mengineyo	780,667		436,167	
Ongezeko la thamani	**67,853,924**	**30.7%**	**66,217,196**	**31.2%**
Mgawanyo wa ongezeko la thamani	**67,853,924**	**100.0%**	**66,217,196**	**100.0%**
Wafanyakazi, menejimenti na wakurugenzi	**27,981,724**	**41.2%**	**25,148,336**	**38.0%**
Kwa watoaji wa mtaji na mikopo	**26,246,813**	**38.7%**	**17,895,343**	**27.0%**
- Gharama za fedha	26,246,813		17,895,343	
- Gawio	-		-	
Kwa serikali	**1,165,752**	**1.7%**	**1,103,680**	**1.7%**
- Kodi ya mapato	1,165,752		1,103,680	
Kwa ugharimiaji uongezaji wa rasilimali	**24,334,730**	**35.9%**	**24,214,893**	**36.6%**
- Uchakavu	24,334,730		24,214,893	
Kwa upanuaji wa kampuni na kundi	(11,875,095)	**-17.5%**	**(2,145,056)**	**-3.2%**
- Hasara iliyobakishwa	(11,875,095)	100.0%	(2,145,056)	100.0%

	Dis-19	Dis-20
Wafanyakazi, Wasimamizi na Wakurugenzi	41%	38%
Kwa watoaji wa mtaji na mikopo	39%	27%
Kwa serikali	2%	2%
Kwa ugharimiaji uongezaji wa rasilimali	36%	37%
Kwa upanuaji wa kundi	-18%	-3%

Dis 19



Dis 20



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

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

EXTERNAL AUDITOR

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 Toured Drive, Oyster Bay
P. O. Box 45
Dar es Salaam, Tanzania

INTERNAL AUDITOR

KPMG Advisory Limited
The Luminary
P.O.Box 1160
Haile Selasie Road, Masaki Dar es Salaam

BANKERS AND FINANCIAL INSTITUTIONS

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

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

CRDB Bank Plc
P.O. Box 1180
Tanga, Tanzania

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

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

Directors' Report

The directors present their report and the audited consolidated and separate financial statements for the financial year ended 31 December 2020 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 Companies Act, 2002 of Tanzania 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	Qualification	Appointed / (Retired)
Mr L. Masha*	Chairperson	50	Tanzanian	LLB (Hons), LLM	17 May 2013
Mr R. Swart **	Managing Director	47	South African	Bsc. (Mechanical Engineering)	11 July 2013
Mr P. De Jager **	Director (Chief Financial Officer)	49	South African	B. Com (Accounting), B. Compt (Hons), MBA	13 May 2016
Mr P. Rutabanzibwa*	Director (Deputy Chairperson)	65	Tanzanian	B. Chemical Engineering	22 May 2015
Mr Rob Wessels#	Director	46	South African	B. Com, LLB, CFA	20 March 2017
Mr K. Omar*	Director	56	Tanzanian	MSc. Development Studies	17 May 2013
Mr L. Serfontein#	Director (Alternate director to all the other directors)	46	South African	B. Com (Acc), CA (SA)	1 November 2013/(24 July 2020
Mr T. Wagner*	Director	73	South African	CA (SA), MBL	17 May 2013/ (24 July 2020)
Mr R. Mbilinyi*	Director	56	Tanzanian	BSc Engineering, MBA (Marketing)	4 March 2013

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

The Company Secretary during the year ended 31 December 2020 was Mr Q. Ganijee (Tanzanian), 38 years old.

The Board of Directors met four times during the year.

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 seven 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.

Internal audit

The Group has outsourced internal audit function to KPMG Advisory Limited. The independent internal auditor is responsible with planning, assessing and reporting the internal audit plan. The independent internal auditor reports to the Chairman of the Audit, Risk and Compliance Committee. The Committee approves the internal audit charter, annual audit plan, monitors execution of audits, evaluates audit findings, recommendations and implementation of recommendations by Management.

Directors' Report *(Continued)*

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.

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 Rob Wessels (Chairman)	South African	B. Com, LLB, CFA
2. Mr K. Omar	Tanzanian	MSc. Development Studies
3. Mr L. Masha	Tanzanian	LLB (Hons), LLM

The Audit, Risk and Compliance Committee, which comprises non-executive directors, reports to the Board and met two 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 two 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 (2019: 63,671,045 Ordinary shares of TZS 20 each).

Issued up and fully paid

63,671,045 Ordinary shares of TZS 20 each (2019: 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:

- 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)	47
Mr P. De Jager	Chief Financial Officer	B. Com (Accounting), B. Compt (Hons), MBA	49
Mr B. Lema	Country Executive	Bsc. (Mechanical Engineering)	61
Mr G. Kamando	Plant Manager	Bsc. (Chemical & Process Engineering)	51
Mr P. Brits	Head of Commercial	B. Com (Fin Management), MBA	52
Mrs D. Malambugi	Head of Human Resources	B. Mass-Com, MHRM, CIPD	51
Mr I. Lupokela	Head of Finance	B. Com (Accounting), ACPA-PP, ACCA	35
Mr P. Fanuel	National Logistic Manager	BBA (Sales & Marketing), MBA	43

11. DIRECTORS' REMUNERATION

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

	2020 (TZS)	2019 (TZS)
Chairperson of the Board	26,930,000	32,644,000
Other directors	72,899,000	88,437,000

Executive directors' remuneration for the Group and the Company was TZS 1,839 million (2019: TZS 2,477 million).

12. SHAREHOLDERS OF THE COMPANY

The total number of shareholders as at 31 December 2020 was 10,794 shareholders (2019: 10,814 shareholders).
The top shareholders as at 31 December 2020 were:

Shareholder	2020	2019
1) AfriSam (Mauritius) Investment Holdings Limited	68.3%	68.3%
2) Public Service Social Security Fund	4.39%	4.39%
3) SCBT Nominees SCB consumer Banking Re Kimberlite Fontier Master Africa Fund RCKM	3.54%	4.35%
4) National Social Security Fund	1.8%	1.8%
5) The registered Trustee of the TCCL Employees Share Trust	1.1%	1.1%
6) Maheboob Jafferrali Ramji	0.6%	0.1%
7) BNYM SA NV AS Custodian or Trustee	0.5%	0.5%
8) SCBT Nominee Re SSB TAC Conrad N Hilton Foundation	0.5%	0.5%
9) Emilian Pascal Busara	0.42%	0.44%
10) Puma Energy Tanzania Provident Fund	0.32%	0.32%
11) Sujjadhusain Kassamali Tajri and /or Mrs. Kulsumbai Sajjad Hussein Tajri	0.18%	0.18%

Directors' Report *(Continued)*

Member summary as at 31 December:

	2020		2019	
	Number of Members	Number of shares	Number of Members	Number of Shares
1 - 1,000	9,064	2,967,656	9,073	2,973,062
1,001 - 5,000	1,239	3,396,684	1,253	3,441,003
5,001 - 10,000	359	2,201,080	354	2,174,053
10,000 plus	131	11,601,222	133	11,578,524
AfriSam (Mauritius) Investment Limited	1	43,504,403	1	43,504,403
Total	**10,794**	**63,671,045**	**10,814**	**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 2020 was TZS 31.80 billion (2019: TZS 38.20 billion). Total turnover of the Company's shares traded on the DSE for the year ended 31 December 2020 was TZS 280 million (2019: TZS 43 million). The average traded price of the Company's shares for the year was TZS 502 per share (2019: TZS 640) and the share price as at 31 December 2020 was TZS 500 per share (2019: TZS 600 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 3.3% in 2020 from 3.5% in 2019 as a result of Governments' fiscal and monetary policies.

Economic performance remained stable with GDP growth of 7.0% for the 2020 year comparing to 6.8% recorded in 2019. Robust infrastructure investment and a strengthening consumer base remained major drivers of the business performance witnessed in the twelve 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 decreased by 4%, to TZS 213 billion from TZS 221billion in 2019.

The gross margin increased by 3% mainly due to management's commitment to drive cost saving initiatives.

Likewise, management's cost optimisation strategy resulted into a decrease in distribution and administration costs as a result operating profit increased by 39%. Other factors contributed to financial performance were decrease in expected credit losses by 109% (TZS 91 million) comparing to the increase in credit losses of TZS 990 million recognised in 2019 as a result of management's efficient credit management strategies.

EBITDA improved by 13% to TZS 41 billion from TZS 37 billion in 2019 driven by the increase in operational efficiencies and cost optimisation strategies.

The Group incurred a loss before tax of TZS 0.63 billion in 2020 compared to the loss before tax of TZS 14 billion in 2019. The decrease in the loss before tax was mainly due to the increase in operating profit and decrease in foreign exchange, fair value losses which are mainly related to the USD denominated Tanga Kiln 2 loan and the interest expense on lease liabilities.

The Group recorded a net loss after tax of TZS 2 billion in 2020 compared to TZS 12 billion in 2019.

Cash generated from trading activities improved by 12% from TZS 43 billion recorded in 2019 to TZS 48 billion in 2020. Net cash flows from operations increased by 6% from TZS 41 billion recorded in 2019 to TZS 43 billion in 2020. 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 2021 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.

Solvency

During the year the Group realised a net loss of TZS 2.1billion (2019: 11.9billion) and as of year ends it had net current liabilities TZS 40billion (2019: TZS 46.1billion). The Group meets its day to day cash operating requirements from operating cash flows and bank overdrafts. The Senior lender have rescheduled the loans and that the management will discuss further rescheduling of debts to support the Group.

Based on the above, the Directors have considered it appropriate to prepare these financial statements on the going concern basis.

The Directors believe that the Group and a going concern for at least the next twelve months from the date of this report. The Board of Directors has reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. The Board of Directors also confirms that applicable International Financial Reporting Standards ('IFRS') have been followed in the preparation of the financial statements.

Capital structure

The balance between equity and debt was as follows:

	Group		Company	
	2020 TZS' 000'	2019 TZS' 000'	2020 TZS' 000'	2019 TZS' 000'
Equity				
Issued capital	1,273,421	1,273,421	1,273,421	1,273,421
Retained earnings	135,146,541	137,258,603	133,583,229	135,738,536
	136,419,962	**138,532,024**	**134,856,650**	**137,011,957**
Debt				
Lease liabilities	10,994,583	11,930,804	10,973,639	11,829,418
Interest bearing loans – Non-current portion	141,567,340	152,698,967	141,567,340	152,698,967
Interest bearing loans - Current portion	30,069,355	39,916,316	30,069,355	39,916,316
Bank overdrafts	23,612,164	28,166,677	23,612,164	28,166,677
	206,243,442	**232,712,764**	**206,222,498**	**232,611,378**

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 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 17.9 billion (2019: 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 (represented by PIC) 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 2020	Covenant Target Level	Compliance (Yes/No/ N/a)
Senior Debt Service Cover Ratio	1.1	>1.5	No*
Total Debt Service Cover Ratio	1.0	>1.3	No*
Debt to EBITDA	4.6	<6.0	Yes

*The company had received a waiver for the breach of covenants which expired on 31 December 2020 and which however were subsequently superseded by Standstill and Amendment Agreement executed with all lenders including PIC providing a waiver of default and enforcement rights and interest and principal moratorium for a duration of up to fifteen months from 29th November 2021.

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 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 available approved working capital facilities and plans to restructure the term loans, 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

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

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 last year, 2019, the subsidiary ceased cement selling and distribution activities after transferring all customers' 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.

In 2020 there was no impairment of the investment in the subsidiary, in 2019 the impairment charge was TZS 1.2 billion having considered the above changes made during 2019. Further information is presented in Note 20 to the consolidated and separate financial statements.

There were no major financial transactions undertaken between the parent and its Subsidiaries up to the date of authorisation for issue. Related party transactions and balances are disclosed under Note 37.

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 83 million for staff training in order to improve employee technical skills and effectiveness (2019: TZS 336 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 2020.

Financial Assistance to Staff

The Group encourages staff to join the Tanga Cement Savings and Credit Co-operative Society (SACCOS) and provides reference for the staff who want to borrow money from the Commercial Banks.

Directors' Report *(Continued)*

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.

Employee Benefit Plans

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 302 (2019: 326) employees, of which 31 were female and 271 were male (2019: 32 females and 294 male). The Group had 304 (2019: 329) employees, of which 33 were female and 271 were male (2019: 33 females and 296 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 87 million (2019: TZS 84 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 2021 financial year will be tabled for shareholders' approval at the next Annual General Meeting.

L Masha
Chairperson
30 November 2021

R Swart
Managing Director
30 November 2021

Statement of
Directors' Responsibilities
for the year ended 31 December 2020

APPROVED BY THE BOARD OF DIRECTORS ON xxxx 2021, AND SIGNED ON ITS BEHALF BY:

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

"The directors remain positive about the foreseeable future despite the very competitive landscape and the impact of COVID-19."

L Masha
Chairperson
30 November 2021

R Swart
Managing Director
30 November 2021

Declaration by the **Head of Finance** for the year ended 31December 2020

> *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 2020 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
30 November 2021

Independent Auditor's Report

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the separate financial statements of Tanga Cement Public Limited Company (the "Company") and the consolidated financial statements comprising the Company, its subsidiary and controlled structured entity (together, the "Group") set out on pages 49 to 119, which comprise the consolidated and separate statements of financial position as at 31 December 2020, 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 2020, 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 matter 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 this matter. 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.

Independent Auditor's Report *(continued)*

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.

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") represented by PIC ("the lender"). The Company was compliant with the key terms of the loan agreement as at 31 December 2020. The PIC 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 would have a significant effect on the Group's and the Company's going concern status and financial results and position. The matter involved robust discussions with the Company's management and directors which included evaluating the events subsequent to the reporting period and actions taken by the Company in respect to compliance with the loan agreement. These actions included signing a Standstill and Amendment Agreement (the "standstill agreement") with GEPF, PIC, the working capital facility providers and the Company's parent company. The standstill agreement waives the default events which occurred subsequent to the reporting period and the related enforcement rights and provides for a moratorium on repayments of capital and interest on the GEPF loan for a period of up to fifteen months from the date of signing the agreement. We also considered there to be a risk that the Company's and Group's disclosures regarding the borrowings and the going concern assessment which are included in Note 31 and Note 45, respectively, to the consolidated and separate financial statements are inadequate. We also considered whether the Group's and the Company's going concern basis of preparation was appropriate.	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 2020. • 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, covenants and risks. • Performing a review of events after the reporting period relating to the loan including the Company's compliance status with the loan agreement covenants and the related mitigations like the standstill agreement signed with the lenders and assessing the impact on going concern and disclosures. • Performing a review of the other management and directors' going concern mitigation factors including financial projections and reasonability of key assumptions.

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.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

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 a going concern. 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 financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report *(Continued)*

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

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

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 corporate 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:

- i We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii In our opinion, proper books of account have been kept by the Group and the Company, so far as appears from our examination of those books;
- iii The Directors' Report is consistent with the consolidated and separate financial statements;
- iv Information specified by law regarding directors' remuneration and transactions with the Group and the Company is disclosed; and,
- v The Group's and 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 Joseph G Sheffu.

Signed by Joseph G Sheffu (FCPA 867)
Partner (FCPA 867)
For and on behalf of Ernst & Young
Certified Public Accountants
Dar es Salaam, Tanzania

30 November 2021


SIMBA
CEMENT

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

FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Group		Company	
		2020 TZS'000	**2019 TZS'000**	**2020 TZS'000**	**2019 TZS'000**
Revenue from contracts with customers	5	212,512,260	220,882,297	212,512,260	218,031,750
Cost of sales	6	(158,330,527)	(166,313,105)	(158,330,527)	(165,327,930)
Gross profit		**54,181,733**	**54,569,192**	**54,181,733**	**52,703,820**
Other income	7	431,111	770,220	398,767	680,444
Other expenses	7	(253,749)	(351,705)	(253,749)	(351,705)
Selling expenses	8	(2,992,108)	(5,080,554)	(2,992,108)	(5,080,554)
Administration expenses	9	(14,267,040)	(16,426,799)	(14,200,953)	(14,340,733)
Depreciation charge	10	(19,934,278)	(20,061,829)	(19,939,297)	(19,886,408)
Impairment and other charges	10	-	-	(70,315)	(1,222,538)
Decrease/ (increase) in expected credit losses	10	91,363	(990,337)	104,527	(2,796,340)
Operating profit		**17,257,032**	**12,428,188**	**17,228,605**	**9,705,986**
Interest expense	11	(14,718,662)	(19,218,998)	(14,720,077)	(19,189,946)
Finance income	12	5,056	10,447	5,056	10,447
Foreign exchange and fair value losses	13	(3,176,681)	(7,027,815)	(3,190,084)	(7,004,590)
Loss before tax		**(633,255)**	**(13,808,178)**	**(676,500)**	**(16,478,103)**
Income tax (charge)/credit	14(a)	(1,478,807)	1,955,630	(1,478,807)	2,065,400
Loss for the year		**(2,112,062)**	**(11,852,548)**	**(2,155,307)**	**(14,412,703)**
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		(32,994)	(22,547)	-	-
Other comprehensive income net of tax		**(32,994)**	**(22,547)**	**-**	**-**
Total comprehensive income for the year, net of tax		**(2,145,056)**	**(11,875,095)**	**(2,155,307)**	**(14,412,703)**
Loss for the year attributable to:					
Owners of the parent		(2,112,062)	(11,852,548)	(2,155,307)	(14,412,703)
Non-controlling interests		-	-	-	-
		(2,112,062)	(11,852,548)	(2,155,307)	(14,412,703)
Total comprehensive income for the year attributable to:					
Owners of the parent		(2,145,056)	(11,875,095)	(2,155,307)	(14,412,703)
Non-controlling interests		-	-	-	-
		(2,145,056)	(11,875,095)	(2,155,307)	(14,412,703)
		2020 TZS/share	2019 TZS/share		
Basic and diluted loss per share	15	(34)	(188)		

SIMBA CEMENT
STRENGTH WITHIN

	Maelezo	Kundi 2020 TSH'000	Kundi 2019 TSH'000	Kampuni 2020 TSH'000	Kampuni 2019 TSH'000
Mapato yatokanayo na mikataba na watajea	5	212,512,260	220,882,297	212,512,260	218,031,750
Gharama za mauzo	6	(158,330,527)	(166,313,105)	(158,330,527)	(165,327,930)
Faida Ghafi		**54,181,733**	**54,569,192**	**54,181,733**	**52,703,820**
Mapato mengineyo	7	431,111	770,220	398,767	680,444
Gharama zinginezo	7	(253,749)	(351,705)	(253,749)	(351,705)
Gharama za mauzo	8	(2,992,108)	(5,080,554)	(2,992,108)	(5,080,554)
Gharama za utawala	9	(14,267,040)	(16,426,799)	(14,200,953)	(14,340,733)
Uchakavu	10	(19,934,278)	(20,061,829)	(19,939,297)	(19,886,408)
Mali iliyoharibika	10	-	-	(70,315)	(1,222,538)
Hasara inayotarajiwa kutokana na madeni (Ongezeko)/ punguzo	10	91,363	(990,337)	104,527	(2,796,340)
Faida za shughuli za biashara		**17,257,032**	**12,428,188**	**17,228,605**	**9,705,986**
Gharama za riba	11	(14,718,662)	(19,218,998)	(14,720,077)	(19,189,946)
Mapato ya riba	12	5,056	10,447	5,056	10,447
Hasara za ubadilishwaji wa fedha za kigeni	13	(3,176,681)	(7,027,815)	(3,190,084)	(7,004,590)
Hasara kabla ya Kodi		**(633,255)**	**(13,808,178)**	**(676,500)**	**(16,478,103)**
Kodi ya Mapato	14(a)	(1,478,807)	1,955,630	(1,478,807)	2,065,400
Hasara kwa Mwaka		**(2,112,062)**	**(11,852,548)**	**(2,155,307)**	**(14,412,703)**
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		(32,994)	(22,547)	-	-
Mapato ya kina baada ya kodi		**(32,994)**	**(22,547)**	**-**	**-**
		(2,145,056)	**(11,875,095)**	**(2,155,307)**	**(14,412,703)**
Hasara kwa mwaka iliyoidhinishwa kwa:					
Wamiliki wa Kampuni mama		(2,112,062)	(11,852,548)	(2,155,307)	(14,412,703)
Masalahi yasiyodhibitika		-	-	-	-
		(2,112,062)	(11,852,548)	(2,155,307)	(14,412,703)
Mapato ya kina ya mwaka yaliyoidhinishwa kwa:					
Wamiliki wa Kampuni mama		(2,145,056)	(11,875,095)	(2,155,307)	(14,412,703)
Wamiliki wasio na udhibiti		-	-	-	-
		(2,145,056)	(11,875,095)	(2,155,307)	(14,412,703)

		2020 TZS/share	2019 TZS/share
Hasara kwa hisa (Tsh)	15	(34)	(188)

	Notes	Group 2020 TZS'000	Group 2019 TZS'000	Company 2020 TZS'000	Company 2019 TZS'000
ASSETS					
Non-current assets					
Property, plant and equipment	16	313,717,275	331,516,226	312,906,893	330,634,438
Right-of-use assets	17	10,187,786	12,184,909	9,908,648	11,960,728
Investment property	18	560,484	583,212	-	-
Investment in subsidiary	20(a)	-	-	552,564	552,564
Financial asset - Interest rate cap	21	229,170	1,586,736	229,170	1,586,736
Deferred tax asset	14(b)	-	-	-	-
		324,694,715	**345,871,083**	**323,597,275**	**344,734,466**
Current assets					
Due from employees' share trust	22	-	-	351,575	421,890
Inventories	23	54,025,387	48,216,378	54,025,387	48,216,378
Trade and other receivables	24	9,799,677	10,617,438	9,948,423	10,322,936
Current income tax recoverable	14(d)	6,443,707	2,622,355	5,969,790	2,377,203
Cash and bank balances	26	3,204,572	8,907,345	3,042,758	8,695,481
		73,473,343	**70,363,516**	**73,337,933**	**70,033,888**
Non-current assets held-for-sale	27	3,870	3,870	-	-
TOTAL ASSETS		**398,171,928**	**416,238,469**	**396,935,208**	**414,768,354**
EQUITY AND LIABILITIES					
Equity					
Issued capital	28	1,273,421	1,273,421	1,273,421	1,273,421
Translation reserve		(57,968)	(24,974)	-	-
Treasury shares	22	(351,575)	(421,890)	-	-
Retained earnings		135,146,541	137,258,603	133,583,229	135,738,536
Equity attributable to owners of the parent		**136,010,419**	**138,085,160**	**134,856,650**	**137,011,957**
Non-controlling interest		-	-	-	-
Total equity		**136,010,419**	**138,085,160**	**134,856,650**	**137,011,957**
Non-current liabilities					
Lease liabilities	29	5,160,608	7,400,436	5,184,870	7,370,880
Provision for site restoration	30	28,101	26,931	28,101	26,931
Term borrowings: Non-current portion	31	141,567,340	152,698,967	141,567,340	152,698,967
Deferred tax liability	14(b)	1,906,850	1,531,723	1,906,850	1,531,723
		148,662,899	**161,658,057**	**148,687,161**	**161,628,501**
Current liabilities					
Lease liabilities	29	5,833,975	4,530,368	5,788,769	4,458,538
Term borrowings: Current portion	31	30,069,355	39,916,316	30,069,355	39,916,316
Trade and other payables	32	45,732,759	39,264,589	45,310,307	39,199,719
Contract liabilities	33	8,250,357	3,868,717	8,610,802	3,638,061
Derivative liabilities	34	-	748,585	-	748,585
Bank overdrafts	31	23,612,164	28,166,677	23,612,164	28,166,677
		113,498,610	**116,495,252**	**113,391,397**	**116,127,896**
Total liabilities		**262,161,509**	**278,153,309**	**262,078,558**	**277,756,397**
TOTAL EQUITY AND LIABILITIES		**398,171,928**	**416,238,469**	**396,935,208**	**414,768,354**

These consolidated and separate financial statements were approved by the Board of Directors for issue on 30 November 2021 and were signed on their behalf by:

Name: Lawrence Masha
Title: Chairman

Name:Reinhardt Swart
Title: Managing Director

SIMBA CEMENT
STRENGTH WITHIN

	Maelezo	Kundi 2020 TSH'000	Kundi 2019 TSH'000	Kampuni 2020 TSH'000	Kampuni 2019 TSH'000
RASILIMALI					
Rasilimali za kudumu					
Mali, mitambo na vifaa	16	313,717,275	331,516,226	312,906,893	330,634,438
Haki ya matumizi rasilimali	17	10,187,786	12,184,909	9,908,648	11,960,728
Rasilimali za uwekezaji	18	560,484	583,212	-	-
Uwekezaji katika kampuni tanzu	20(a)	-	-	552,564	552,564
Mali za kifedha	21	229,170	1,586,736	229,170	1,586,736
Rasilimali kodi iliyohairishwa	14(b)	-	-	-	-
		324,694,715	**345,871,083**	**323,597,275**	**344,734,466**
Rasilimali za Muda					
Stahiki kutoka kwa mfuko wa hisa za wafanyakazi	22	-	-	351,575	421,890
Bidhaa	23	54,025,387	48,216,378	54,025,387	48,216,378
Wadaiwa wa kibiashara na wengine	24	9,799,677	10,617,438	9,948,423	10,322,936
Kodi ya mapato ya kampuni itakayorudishwa	14(d)	6,443,707	2,622,355	5,969,790	2,377,203
Baki ya fedha taslimu na benki	26	3,204,572	8,907,345	3,042,758	8,695,481
		73,473,343	**70,363,516**	**73,337,933**	**70,033,888**
Rasilimali za kudumu zitunzavyo kwa kuuzwa	27	3,870	3,870	-	-
JUMLA YA RASILIMALI		**398,171,928**	**416,238,469**	**396,935,208**	**414,768,354**
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		(57,968)	(24,974)	-	-
Hisa za hazina	22	(351,575)	(421,890)	-	-
Mapato yaliyobakishwa		135,146,541	137,258,603	133,583,229	135,738,536
Hisa inaidhinishwa kwa wamiliki wa kampuni mama		**136,010,419**	**138,085,160**	**134,856,650**	**137,011,957**
Maslahi yasiyodhibitika		-	-	-	-
Jumla ya mtaji na akiba		**136,010,419**	**138,085,160**	**134,856,650**	**137,011,957**
Dhima za kudumu					
Dhima itokanavyo na kukodisha	29	5,160,608	7,400,436	5,184,870	7,370,880
Tengo kwa ajili ya uboreshaji wa eneo la machimbo	30	28,101	26,931	28,101	26,931
Mkopo wa muda mrefu	31	141,567,340	152,698,967	141,567,340	152,698,967
Tengo la kodi ilioahirishwa	14(b)	1,906,850	1,531,723	1,906,850	1,531,723
		148,662,899	**161,658,057**	**148,687,161**	**161,628,501**
Dhima za muda					
Dhima itokanavyo na kukodisha	29	5,833,975	4,530,368	5,788,769	4,458,538
Mkopo wa muda mfupi	31	30,069,355	39,916,316	30,069,355	39,916,316
Malipo ya biashara na mengineyo	32	45,732,759	39,264,589	45,310,307	39,199,719
Madeni ya mikataba	33	8,250,357	3,868,717	8,610,802	3,638,061
Madeni ya mikataba ya kifedha	34	-	748,585	-	748,585
Ovadrafti za benki	31	23,612,164	28,166,677	23,612,164	28,166,677
		113,498,610	**116,495,252**	**113,391,397**	**116,127,896**
Jumla ya dhima		**262,161,509**	**278,153,309**	**262,078,558**	**277,756,397**
JUMLA YA HISA NA DHIMA		**398,171,928**	**416,238,469**	**396,935,208**	**414,768,354**

Taarifa hizi kamili za fedha ziliidhinishwa na Bodi ya Wakurugenzi tarehe 30 Novemba 2021 na zilitiwa saini kwa niaba yao na:

Jina: Lawrence Masha
Cheo: Mwenyekiti

Jina: Reinhardt Swart
Cheo: Mkurugenzi Mtendaji

SIMBA CEMENT
STRENGTH WITHIN

	Notes	Issued capital TZS'000	Translation reserve* TZS'000	Treasury shares TZS'000	Retained earnings TZS'000	Total TZS'000
COMPANY						
At 1 January 2019		1,273,421	-	-	150,151,239	151,424,660
Loss for the year		-	-	-	(14,412,703)	(14,412,703)
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	-	(14,412,703)	(14,412,703)
At 31 December 2019		**1,273,421**	**-**	**-**	**135,738,536**	**137,011,957**
At 1 January 2020		1,273,421	-	-	135,738,536	137,011,957
Loss for the year		-	-	-	(2,155,307)	(2,155,307)
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	-	(2,155,307)	(2,155,307)
At 31 December 2019		**1,273,421**	**-**	**-**	**133,583,229**	**134,856,650**
GROUP						
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**
At 1 January 2020		1,273,421	(24,974)	(421,890)	137,258,603	138,085,160
Loss for the year		-	-	-	(2,112,062)	(2,112,062)
Other comprehensive income		-	(32,994)	-	-	(32,994)
Total comprehensive income		-	(32,994)	-	(2,112,062)	(2,145,056)
Changes in treasury shares	22	-	-	70,315	-	70,315
At 31 December 2020		**1,273,421**	**(57,968)**	**(351,575)**	**135,146,541**	**136,010,419**

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

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 2019		1,273,421	-	-	161,473,124	162,746,545
Hasara kwa mwaka		-	-	-	(14,412,703)	(14,412,703)
Mapato ya kina		-	-	-	-	-
Jumla ya mapato		-	-	-	(14,412,703)	(14,412,703)
Tarehe 31 Disemba 2019		**1,273,421**	**-**	**-**	**135,738,536**	**137,011,957**
Tarehe 1 Januari 2020		1,273,421	-	-	135,738,536	137,011,957
Hasara kwa mwaka		-	-	-	(2,155,307)	(2,155,307)
Mapato ya kina		-	-	-	-	-
Jumla ya mapato		-	-	-	(2,155,307)	(2,155,307)
KUNDI						
At 1 January 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 wa 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**
Tarehe 1 Januari 2020		1,273,421	(24,974)	(421,890)	137,258,603	138,085,160
Hasara kwa mwaka		-	-	-	(2,112,062)	(2,112,062)
Mapato ya kina		-	(32,994)	-	-	(32,994)
Jumla ya mapato		-	(32,994)	-	(2,112,062)	(2,145,056)
Mabadiliko ya hisa za hazina	22	-	-	70,315	-	70,315
Tarehe 31 Disemba 2020		**1,273,421**	**(57,968)**	**(351,575)**	**135,146,541**	**136,010,419**

*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.

	Notes	Group		Company	
		2020 TZS' 000	2019 TZS'000	2020 TZS'000'	2019 TZS'000
OPERATING ACTIVITIES					
Cash generated from operating activities	35	47,709,783	42,665,135	47,517,150	42,942,916
Interest income received	12	5,056	10,447	5,056	10,447
Income taxes paid	14(d)	(4,893,480)	(2,113,251)	(4,660,608)	(2,038,988)
Net cash flows from operating activities		**42,821,358**	**40,562,331**	**42,861,598**	**40,914,375**
INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		34,716	76,170	34,716	66,802
Purchase of property, plant and equipment	16	(2,455,229)	(3,403,020)	(2,455,229)	(3,403,021)
Proceeds from sale of equity investment	20	-	-	-	228,460
Net cash flows used in investing activities		**(2,420,513)**	**(3,326,850)**	**(2,420,513)**	**(3,107,759)**
FINANCING ACTIVITIES					
Principal repayments - lease liabilities	29	(4,047,451)	(4,917,319)	(3,983,300)	(4,813,011)
Lease liability interest paid	29	(930,184)	(1,249,127)	(915,308)	(1,230,758)
Interest paid - overdrafts		(1,885,678)	(2,015,699)	(1,885,678)	(2,015,699)
Interest paid - term borrowings	31	(11,519,161)	(17,065,716)	(11,519,161)	(17,065,716)
Principal repayments - term borrowings	31	(22,009,801)	(31,230,693)	(22,009,801)	(31,230,693)
Net cash flows used in financing activities		**(40,392,275)**	**(56,478,554)**	**(40,313,248)**	**(56,355,877)**
Net (decrease)/ increase in cash and cash equivalents		8,570	(19,243,073)	127,837	(18,549,261)
Net foreign exchange differences		(1,156,830)	(344,260)	(1,226,047)	(566,462)
Cash and cash equivalents at 1 January		(19,259,332)	328,001	(19,471,196)	(355,473)
Cash and cash equivalents at 31 December	**26**	**(20,407,592)**	**(19,259,332)**	**(20,569,406)**	**(19,471,196)**

		Kundi		Kampuni	
	Maelezo	2020 TSH'000	2019 TSH'000	2020 TSH'000	2019 TSH'000
SHUGHULI ZA UENDESHAJI					
Fedha kutoka kwenye uendeshaji	35	47,709,783	42,665,135	47,517,150	42,942,916
Riba iliyopokelewa	12	5,056	10,447	5,056	10,447
Kodi ya mapato iliyolipwa	14(d)	(4,893,480)	(2,113,251)	(4,660,608)	(2,038,988)
Fedha taslimu inayotokana na uendeshaji		**42,821,358**	**40,562,331**	**42,861,598**	**40,914,375**
SHUGHULI ZA UWEKEZAJI					
Mauzo ya mali, mitambo na vifaa		34,716	76,170	34,716	66,802
Manunuzi ya mali, mitambo na vifaa	16	(2,455,229)	(3,403,020)	(2,455,229)	(3,403,021)
Mauzo ya sehemu ya uwekezaji	20	-	-	-	228,460
Fedha taslimu zilizotumika katika shughuli za uwekezaji		**(2,420,513)**	**(3,326,850)**	**(2,420,513)**	**(3,107,759)**
SHUGHULI ZA UGHARIMIAJI					
Ulipaji wa deni - Dhima itokanayo na Kukodisha	29	(4,047,451)	(4,917,319)	(3,983,300)	(4,813,011)
Riba iliyolipwa ya dhima itokanayo na kukodisha	29	(930,184)	(1,249,127)	(915,308)	(1,230,758)
Riba iliyolipwa kwenye overdraft		(1,885,678)	(2,015,699)	(1,885,678)	(2,015,699)
Riba Iliyolipwa ya deni	31	(11,519,161)	(17,065,716)	(11,519,161)	(17,065,716)
Ulipaji wa deni-Mkopo wa Muda	31	(22,009,801)	(31,230,693)	(22,009,801)	(31,230,693)
Fedha taslimu iliyotumiwa katika shughuli za ugharImiaji		**(40,392,275)**	**(56,478,554)**	**(40,313,248)**	**(56,355,877)**
(Punguzo)/ Ongezeko katika fedha taslimu na fedha linganifu		8,570	(19,243,073)	127,837	(18,549,261)
Tofauti halisi kutokana ubadilishaji fedha za kigeni		(1,156,830)	(344,260)	(1,226,047)	(566,462)
Fedha taslimu na fedha linganifu tarehe 1 Januari		(19,259,332)	328,001	(19,471,196)	(355,473)
Fedha taslimu na fedha linganifu tarehe 31 Disemba	**26**	**(20,407,592)**	**(19,259,332)**	**(20,569,406)**	**(19,471,196)**

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.

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.

"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."

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 2020.

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.

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 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 and transportation 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 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 assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

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.

Right-of-use- assets

TThe 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.

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.

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.

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.

Group's intangibles include goodwill related to the acquisition of Cement Distributors that was impaired in full in 2015.

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) 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 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 caps 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. A gross carrying amount will be written off when all reasonable efforts have been taken to recover the amount.

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.

n) 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.

o) 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.

p) 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.

q) 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.

r) 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.

s) 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.

t) 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.

u) 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.

v) 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.

w) 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.

x) 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.

y) 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 for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

IFRS 3: Definition of a Business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

These amendments did not have an impact on the consolidated financial statements of the Group, but may impact future periods should the Group enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which developed their accounting policies based on the Conceptual Framework. The revised Conceptual Framework includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no impact on the consolidated and separate financial statements of the Group and Company respectively.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

These amendments had no impact on the consolidated and separate financial statements of the Group and Company respectively.

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. The renewal periods for leases are not included as part of the lease term if they are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

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.

Involvement in subsidiaries

Judgment is required in the assessment of whether the Company has control or significant influence in terms of the variability of returns from the Company's involvement in the investee or structured entity, the ability to use power to affect those returns and the significance of the Company's involvement in the investee or structured entity. The Company classified its investments and structured entities considering this assessment of control or significant influence. Refer to Note 2.3(b) for further disclosures on the consolidated entities.

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 new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred-separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

Interest Rate Benchmark Reform - Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

In August 2020 the IASB issued Interest Rate Benchmark Reform - Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, (IBOR reform Phase 2) to address the accounting issues which arise upon the replacement of an IBOR with a Risk Free Rate (RFR).

The Phase 2 Amendments provide the following changes in respect of financial instruments that are directly required by the Reform:

- A practical expedient when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, to require the effective interest rate to be adjusted
- Reliefs from discontinuing hedge relationships
- Temporary relief from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component
- Additional IFRS 7 disclosures

Regarding changes in the basis for determining the contractual cash flows, in its Phase 2 Amendments, the IASB identified four ways that changes in the basis for determining the contractual cash flows of a financial instrument might be made in order to achieve IBOR Reform:

- By amending the contractual terms (for instance, to replace a reference to an IBOR with a reference to an RFR)
- Through activation of an existing fallback clause in the contract
- Without amending the contractual terms, by changing the way that an interest rate benchmark is calculated
- A hedging instrument may alternatively be changed as required by the Reform by closing out an existing IBOR-related derivative and replacing it with a new derivative with the same counterparty, on similar terms except referencing an RFR or by combining the existing IBOR-related derivative with a new basis swap that swaps the existing referenced IBOR for the RFR.

The first three of these types of changes to the basis for determining contractual cash flows may have an effect on how interest is recognised on financial instruments recorded at amortised cost or at fair value through other comprehensive income. The fourth mainly affects hedge accounting, but all four are relevant to the assessment as to whether the change to the basis for determining contractual cash flows results in derecognition.

In respect to changes in the rate of interest, if an IBOR is amended to refer to an RFR, the Phase 2 Amendments require, as a practical expedient, for changes to cash flows that relate directly to the Reform to be treated as changes to a floating interest rate, i.e., the EIR is updated to reflect the change in an interest rate benchmark from IBOR to an RFR without adjusting the carrying amount. In effect, the change is treated as akin to a movement in the market rate of interest.

The use of the practical expedient is subject to two conditions: First, the change in the basis for determining contractual cash flows must be a 'direct consequence of the Reform'; and Second, the new basis for determining the contractual cash flows must be 'economically equivalent' to the previous basis immediately preceding the change

In respect to derecognition due to modification of non-derivative financial instruments, as addressed in IFRS 9 for financial liabilities, the key requirement is that a modification that results in a 'substantial change' in the expected cash flows will lead to the derecognition of the original liability and the recognition of a new one.

The Phase 2 Amendments only require an assessment of whether the derecognition criteria apply if changes are made to the financial instrument beyond those that qualify for the practical expedient discussed above.

It follows that changes that qualify for the practical expedient will not be regarded as sufficiently substantial that the instrument would be derecognised. However, after an entity applies the practical expedient, it must then separately assess any further changes that are not required by the Reform (e.g., a change in credit spread or a maturity date) to determine if they would result in derecognition.

In respect to classification of financial assets, any new financial assets, or any that have been derecognised and a new one recognised, because they have been subject to substantial modification as discussed above will need to be classified to determine their accounting treatment. A financial asset may only be accounted for at amortised cost or at fair value through other comprehensive income (FVOCI) if, at original recognition, the cash flows represent Solely Payment of Principal and Interest (SPPI). The Company will, therefore, need to apply judgement in assessing whether there are any modifications to the time value of money element in replacement RFRs and, if there are, whether these modifications will cause a financial asset to fail the SPPI test.

The Phase 2 Amendments are effective for annual periods beginning on or after 1 January 2021, with earlier application permitted. Application is retrospective although hedge relationships may not be designated retrospectively.

The Phase 2 Amendments also affected IFRS 16 Leases. Consequential amendments were made by the Phase 2 Amendments to IFRS 7, to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. As a result, entities should disclose information about: The nature and extent of risks to which the entity is exposed arising from financial instruments subject to interest rate benchmark reform, and how the entity manages those risks; and their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition.

The Group has borrowing facilities for which interest is charged basing on LIBOR. The nature of the risks arising from the reform could include changes in the amount of cash flows in respect to the interest paid on the affected borrowing facilities, for example, if the changes in interest rates because of the reform result into different cash flow requirements. The Group's management and directors are currently understanding the reform and the available alternative benchmark rates and expect to start discussions with the Company's lenders thereafter. As such, the extent of the risks to which the Group is exposed had not yet been quantified at the time of issuing these financial statements. However, the risks are expected to be managed by discussing with and engaging the lenders to ensure that changes in interest rates due to the reform do not result into material changes in the net cost of borrowing

		Group		Company	
		2020 TZS'000	2019 TZS'000	2020 TZS'000	2019 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	193,966,758	207,772,714	193,966,758	205,079,379
	Transportation services	18,545,502	13,109,583	18,545,502	12,952,371
	Total revenue from contracts with customers	**212,512,260**	**220,882,297**	**212,512,260**	**218,031,750**

- 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 respectively.

		Group 2020	Group 2019	Company 2020	Company 2019
6	**COST OF SALES**				
	Distribution costs	31,164,540	22,549,946	31,164,540	22,711,467
	Variable costs	73,253,486	91,930,978	73,253,486	90,784,282
	Fixed costs	53,912,501	51,832,181	53,912,501	51,832,181
		158,330,527	**166,313,105**	**158,330,527**	**165,327,930**
	The following are included in cost of sales:				
	Royalties				
	Limestone	1,346,463	843,471	1,346,463	843,471
	Red soil	95,219	98,163	95,219	98,163
	Pozzolana	38,571	57,355	38,571	57,355
	Total	**1,480,253**	**998,989**	**1,480,253**	**998,989**

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 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 2020	Group 2019	Company 2020	Company 2019
7	**OTHER INCOME/(EXPENSES)**	Notes				
	Other income					
	Rental income	18	31,719	73,584	-	-
	Gain on disposal of equity investment	20	-	228,360	-	228,360
	Sundry income *		381,926	386,316	381,300	386,316
	Gain on sale of property, plant and equipment		17,467	81,960	17,467	65,768
			431,111	**770,220**	**398,767**	**680,444**
	Other expenses					
	- Loss on derecognition of property and equipment		(253,749)	(351,705)	(253,749)	(351,705)
			(253,749)	**(351,705)**	**(253,749)**	**(351,705)**

*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 2020	Group 2019	Company 2020	Company 2019
8	**SELLING EXPENSES**				
	Other marketing and sales expenses	474,049	568,256	474,049	568,256
	Personnel expenses	812,603	1,805,176	812,603	1,805,176
	Purchase of services from related and third parties	1,705,456	2,707,122	1,705,456	2,707,122
		2,992,108	**5,080,554**	**2,992,108**	**5,080,554**

	Notes	Group 2020 TZS'000	Group 2019 TZS'000	Company 2020 TZS'000	Company 2019 TZS'000
9 ADMINISTRATION EXPENSES					
Personnel expenses		9,131,249	10,202,968	9,131,249	8,642,118
Third party services		3,725,732	5,170,749	3,725,732	4,673,659
Other administration expenses		1,410,059	1,053,082	1,343,972	1,024,956
		14,267,040	**16,426,799**	**14,200,953**	**14,340,733**
10 OPERATING LOSS					
Operating profit is arrived at after charging/(crediting):					
Gain on sale of property, plant and equipment	7	(17,467)	(81,960)	(17,467)	(65,768)
Loss on derecognition of property, plant and equipment	7	253,749	351,705	253,749	351,705
Audit fees					
- Health and safety audit		19,804	50,449	19,804	50,449
- Auditors' remuneration and related expenses		198,155	156,000	148,230	156,000
Directors' remuneration					
- Directors' emoluments		1,938,552	2,597,913	1,938,552	2,597,913
Staff costs:					
- Service costs		21,289,020	17,053,989	21,289,020	17,053,989
- Pension costs (Defined contribution plan)		1,920,764	2,081,650	1,920,764	2,081,650
Lease rental and related expenses*		4,937,720	2,319,346	4,937,720	2,271,433

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

	Notes	Group 2020 TZS'000	Group 2019 TZS'000	Company 2020 TZS'000	Company 2019 TZS'000
Depreciation					
- Charge on property, plant and equipment	16	19,253,507	19,298,445	19,226,297	19,265,999
- Charge on right-of-use assets excluding quarry fleet assets	17	658,043	740,656	713,000	620,409
- Charge on investment property	18	22,728	22,728	-	-
		19,934,278	**20,061,829**	**19,939,297**	**19,886,408**
Impairment and other charges					
impairment of investment in subsidiary	20	-	-	-	1,194,412
impairment of amount due from the Trust	22	-	-	70,315	28,126
		-	**-**	**70,315**	**1,222,538**
Expected credit losses					
(Decrease)/increase in ECL for trade receivables	24	(2,714)	960,159	13,932	2,757,226
(Decrease)/increase in ECL on bank balances	26	(88,649)	30,178	(118,459)	39,114
		(91,363)	**990,337**	**(104,527)**	**2,796,340**
11 INTEREST EXPENSE					
Interest expense on bank overdrafts		1,885,678	2,015,699	1,885,678	2,015,699
Finance charges on leases	29	1,099,879	1,418,478	1,101,294	1,389,426
Interest expense on term loans	31	11,733,105	15,784,821	11,733,105	15,784,821
Interest expense charged to profit or loss		**14,718,662**	**19,218,998**	**14,720,077**	**19,189,946**

		Notes	Group 2020 TZS'000	Group 2019 TZS'000	Company 2020 TZS'000	Company 2019 TZS'000
12	**FINANCE INCOME**					
	Interest income on bank deposits		**5,056**	**10,447**	**5,056**	**10,447**
13	**FOREIGN EXCHANGE AND FAIR VALUE LOSS**					
	Net foreign exchange and fair value loss		3,176,681	7,027,815	3,190,084	7,004,590
	This comprises of:					
	Fair value (loss)/gain - interest rate cap	21	1,376,763	4,900,313	1,376,763	4,900,313
	Fair value loss - forward currency contracts*	34	-	367,819	-	367,819
	Foreign exchange losses on SAGEPF (PIC) loan	31	817,270	1,275,798	817,270	1,275,798
	Net other foreign exchange losses		982,648	483,885	996,051	460,660
			3,176,681	**7,027,815**	**3,190,084**	**7,004,590**

*Due to Covid-19, foreign denominated curencies were scarce in the financial market, therefore, group did not enter into any forward contract arrangement during the year. All payments denominated in foreign currencies were paid using foreign currencies purchased from the spot market and collections from cement export sales. The only hedging arrangement was Interest Rate Cap "IRC" as disclosed under Note 21.

		Group 2020 TZS'000	Group 2019 TZS'000	Company 2020 TZS'000	Company 2019 TZS'000
14	**INCOME TAX**				
	(a) Income tax credit / charge				
	Alternative Minimum Tax - current year	1,103,680	1,132,784	1,103,680	1,132,784
	Current income tax charge - prior years	-	32,968	-	-
	Deferred tax credit - current year	-	(3,572,546)	-	(3,572,546)
	Deferred tax charge - current year	360,530	-	360,530	-
	Deferred tax charge - prior years	14,597	374,362	14,597	374,362
	Derecognition of deferred tax asset	-	76,802	-	-
		1,478,807	**(1,955,630)**	**1,478,807**	**(2,065,400)**

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%.

(b) Net deferred tax liability - recognised

	Group 2020 TZS'000	Group 2019 TZS'000	Company 2020 TZS'000	Company 2019 TZS'000
Company				
At 1 January	1,531,723	4,729,907	1,531,723	4,729,907
Charge/ (credit) to profit or loss	375,127	(3,198,184)	375,127	(3,198,184)
At 31 December	**1,906,850**	**1,531,723**	**1,906,850**	**1,531,723**
Deferred tax asset - CDEAL Rwanda				
At 1 January	-	(76,802)	-	-
Charge for the year	-	76,802	-	-
At 31 December	**-**	**-**	**-**	**-**
Net recognised deferred tax liability	**1,906,850**	**1,531,723**	**1,906,850**	**1,531,723**

INCOME TAX *(Cont)*

(b) Deferred tax liabilities/(assets)

	Group		Company	
	2020 TZS'000	2019 TZS'000	2020 TZS'000	2019 TZS'000
The movement in the deferred tax liability is made up as follows:				
Credit to profit or loss - Current year	-	(3,572,546)	-	(3,572,546)
Charge to profit or loss - Prior year adjustment	14,597	374,362	14,597	374,362
Charge to profit or loss - Current year	360,530	76,802	360,530	-
	375,127	**(3,121,382)**	**375,127**	**(3,198,184)**
Deferred tax liabilities/(assets)				
Accelerated depreciation	50,516,856	50,549,643	50,575,599	50,596,734
Provision for expected credit losses	(892,918)	(763,147)	(806,598)	(837,956)
ECL on initial application of IFRS 9	(606,974)	(705,882)	(282,918)	(282,918)
Provision for obsolete inventories	(2,700,144)	(2,809,741)	(2,696,110)	(2,805,707)
Leave pay accruals	(221,561)	(221,487)	(221,561)	(221,487)
Loss on remeasurement of PIC loan	(1,478,385)	(1,478,385)	(1,478,385)	(1,478,385)
Litigation accruals	(59,520)	(59,520)	(59,520)	(59,520)
Net unrealised foreign exchange losses on PIC loan	(8,878,948)	(10,347,553)	(8,878,948)	(10,347,553)
Impairment of treasury shares/amount due from Trust	(88,131)	(88,131)	(88,131)	(88,131)
Unrealised foreign exchange losses - other	(416,348)	(501,871)	(414,247)	(501,871)
Unrealised foreign exchange gains - other	55,615	14,175	55,615	12,671
Unrealised forex loss on forward exchange contracts	224,575	(134,469)	224,575	(134,469)
Losses on interest rate cap	(390,294)	(1,470,094)	(390,294)	(1,470,094)
Bonus accruals	(16,297)	(46,055)	-	-
Current income tax losses carried forward	(33,465,325)	(30,780,716)	(33,373,442)	(30,577,910)
Impairment of bank balance in CDEAL Burundi	-	(53,262)	-	-
Accrual for volume rebates	(250,198)	(271,681)	(250,198)	(271,681)
Temporayry difference on impact of IFR 16	(11,947)	-	(8,587)	-
	1,320,056	831,824	1,906,850	1,531,723
Deferred tax asset not recognised				
CDEAL - Tanzania	586,794	649,291	-	-
CDEAL - Rwanda	-	(2,654)	-	-
CDEAL - Burundi	-	53,262	-	-
	586,794	**699,899**	**-**	**-**
Net deferred tax liability recognised	**1,906,850**	**1,531,723**	**1,906,850**	**1,531,723**

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:

	Group		Company	
	2020 %	2019 %	2020 %	2019 %
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*	90.14	21.79	84.37	18.22
- Alternative minimum tax	174.29	8.20	163.15	6.86
- Deductible expenditures not charged to profit or loss**	-	(14.24)	-	(9.87)
- Deferred tax credit not recognised	(2.05)	(2.87)	-	-
- Net gain on derivative instruments	-	-	-	-
- Adjustments in respect of prior years current tax	-	0.24	-	-
- Profit on sale of non-qualifying assets	(1.15)	-	(1.08)	-
- Adjustments in respect of prior years deferred tax	2.31	2.71	2.16	2.27
Effective tax rate	**233.53**	**(14.16)**	**218.60**	**(12.52)**

*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	
		2020 TZS'000	2019 TZS'000	2020 TZS'000	2019 TZS'000
At 1 January		(2,622,355)	(1,634,436)	(2,377,203)	(1,430,579)
Payment made during the year		(4,893,480)	(2,070,442)	(4,660,608)	(2,038,988)
Withholding tax - tax deducted at source		(31,552)	(42,809)	(35,659)	-
Utilisation of tax deposits in other receivables		-	(40,420)	-	(40,420)
Current income tax expense - prior year adjustment	14(a)	-	32,968	-	-
Income tax expense - current year	14(a)	1,103,680	1,132,784	1,103,680	1,132,784
At 31 December		**(6,443,707)**	**(2,622,355)**	**(5,969,790)**	**(2,377,203)**

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 (2019: None). As such, the basic and diluted earnings per share were the same as indicated below.

	Notes	Group	
		2020 TZS'000	2019 TZS'000
Loss attributable to ordinary shareholders (TZS' 000)		(2,112,062)	(11,852,548)
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)		**(34)**	**(188)**

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 2020		36,177,278	405,685,378	3,469,292	1,781,399	5,233,522	452,346,868
Additions		-	-	-	-	1,972,476	1,972,476
Additions to standby spares		-	482,753	-	-	-	482,753
Transfer from investment property	18	-	-	-	-	-	-
Translation difference		-	42,036	68,252	20,244	-	130,532
Transfer from CWIP		-	1,970,657	-	-	(1,970,657)	-
Stanby spares utilised		-	(685,377)	-	-	-	(685,377)
Disposals		-	(181,910)	(50,347)	-	(134,497)	(366,754)
At 31 December 2020		**36,177,278**	**407,313,537**	**3,487,197**	**1,801,643**	**5,100,844**	**453,880,498**
Depreciation and impairment							
At 1 January 2020		11,173,018	105,723,428	2,562,944	1,371,252	-	120,830,642
Charge for the year		906,249	17,945,911	190,083	211,264	-	19,253,507
Disposals		-	(62,556)	(33,098)	-	-	(95,654)
Translation difference		-	88,212	67,998	18,518	-	174,728
At 31 December 2020		**12,079,267**	**123,694,995**	**2,787,927**	**1,601,034**	**-**	**140,163,223**
Net carrying amount							
At 31 December 2020		**24,098,011**	**283,618,541**	**699,270**	**200,609**	**5,100,844**	**313,717,275**
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 to 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		-	(1,548,867)	(56,371)	(646,604)	-	(2,251,842)
At 31 December 2019		**36,177,278**	**405,685,378**	**3,469,292**	**1,781,399**	**5,233,522**	**452,346,868**

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 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
Disposal		-	(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**

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 2020 is TZS 5.4 billion (2019: TZS 5.6 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 2020 (2019: 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 2020	31,911,927	405,770,959	2,773,644	1,838,069	5,233,521	447,528,120
Additions	-	-	-	-	1,972,476	1,972,476
Additions to standby spares	-	482,753	-	-	-	482,753
Transfer from CWIP	-	1,970,657	-	-	(1,970,657)	-
Stanby spares utilised	-	(685,377)	-	-	-	(685,377)
Disposals	-	(181,910)	(50,347)	-	(134,497)	(366,754)
At 31 December 2020	**31,911,927**	**407,357,082**	**2,723,297**	**1,838,069**	**5,100,843**	**448,931,218**

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 2020	7,789,634	105,808,830	1,867,296	1,427,922	-	116,893,682
Charge for the year	880,246	17,945,911	190,083	210,057	-	19,226,297
Disposals	-	(62,556)	(33,098)	-	-	(95,654)
At 31 December 2020	**8,669,880**	**123,692,185**	**2,024,281**	**1,637,979**	**-**	**136,024,325**
Net carrying amount						
At 31 December 2020	**23,242,047**	**283,664,897**	**699,016**	**200,090**	**5,100,843**	**312,906,893**
Cost						
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**
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**

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 2020		10,708,047	1,490,689	4,410,442	244,860	16,854,038
Additions	29	2,941,535	-	-	-	2,941,535
Derecognition		(4,036,065)				(4,036,065)
At 31 December 2020		**9,613,517**	**1,490,689**	**4,410,442**	**244,860**	**15,759,508**
Depreciation						
At 1 January 2020		(4,272,901)	(489,630)	(64,928)	(65,851)	(4,893,310)
Depreciation charge		(4,280,615)	(582,221)	(64,928)	(65,851)	(4,993,615)
Derecognition		4,036,065				4,036,065
At 31 December 2020		(4,517,451)	(1,071,851)	(129,856)	(131,702)	(5,850,860)
Net carrying amount						
At 31 December 2020		**5,096,066**	**418,838**	**4,280,586**	**113,158**	**9,908,648**
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**

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

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 2020		10,708,047	1,705,240	4,540,319	244,860	17,198,466
Additions	29	2,941,535	-	-	-	2,941,535
Derecognition		(4,036,065)	–	–	–	(4,036,065)
At 31 December 2020		**9,613,517**	**1,705,240**	**4,540,319**	**244,860**	**16,103,936**
Depreciation						
At 1 January 2020		(4,272,901)	(609,877)	(64,928)	(65,851)	(5,013,557)
Depreciation charge		(4,280,615)	(527,264)	(64,928)	(65,851)	(4,938,658)
Derecognition		4,036,065	–	–	–	4,036,065
At 31 December 2020		(4,517,451)	(1,137,141)	(129,856)	(131,702)	(5,916,150)
Net carrying amount						
At 31 December 2020		**5,096,066**	**568,099**	**4,410,463**	**113,158**	**10,187,786**
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 2020 TZS' 000'	Group 2019 TZS' 000'	Company 2020 TZS' 000'	Company 2019 TZS' 000'
Depreciation expense of right-of-use assets		(4,938,658)	(5,013,557)	(4,993,615)	(4,893,310)
Interest expense on lease liabilities	29	(1,099,879)	(1,418,478)	(1,101,294)	(1,389,426)
Expense relating to short-term leases (included in cost of sales)		(4,937,720)	(47,913)	(4,937,720)	-
Total amount recognised in profit or loss		**(10,976,257)**	**(6,479,948)**	**(11,032,629)**	**(6,282,736)**
Cash outflows on lease arrangements					
Payments relating to the recognised lease liabilities	29	(4,977,635)	(6,166,446)	(4,898,608)	(6,043,769)
Payments for short-term leases		(4,937,720)	(47,913)	(4,937,720)	-
		(9,915,355)	**(6,214,359)**	**(9,836,328)**	(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 2020 TZS'000	Group 2019 TZS'000	Company 2020 TZS'000	Company 2019 TZS'000
<u>Cost</u>					
At 1 January		1,070,113	2,028,714.0	-	-
Transfer from property, plant and equipment	16	-	-	-	-
Transfer to property, plant and equipment	16	-	(828,724.0)	-	-
Transfer to right-of-use assets	17	-	(129,877.0)	-	-
Additional investment		-	-	-	-
At 31 December		**1,070,113**	**1,070,113**	**-**	**-**
Depreciation					
At 1 January		(486,901)	(772,844)	-	-
Transfer from property, plant and equipment	16	-	-	-	-
Transfer to property, plant and equipment	16	-	308,671	-	-
Charge for the year		(22,728)	(22,728)	-	-
De-recognition		-	-	-	-
At 31 December		**(509,629)**	**(486,901)**	**-**	**-**
Net carrying amount		**560,484**	**583,212**	**-**	**-**

The investment property comprises two commercial properties located in Arusha 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 investment property as at year-end was estimated at TZS 2,161 million (2019: TZS 2,798 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	
	2020		2019	
Square meters	2,899	2,899	-	-
Cost per square meter (TZS'000)	829	829	-	-
Change (%)	-5%	-5%	-	-
Change in cost per square meter (TZS'000)	-41	-41	-	-
Change in value (TZS'000)	(120,175)	(120,175)	-	-

	Group		Company	
	2020 TZS' 000'	2019 TZS' 000'	2020 TZS' 000'	2019 TZS' 000'
Rental income derived from investment property	**31,719**	73,584	-	-
Direct operating expenses (including repairs and maintenance) on investment property that generated rental income.	(12,600)	(800)	-	-

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 2020 and 31 December 2019 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	
	2020 TZS' 000'	2019 TZS' 000'	2020 TZS' 000'	2019 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	-	-	(11,044,248)	(9,849,836)
Impairment charge for the year	-	-	-	(1,194,412)
At 31 December	**-**	**-**	**(11,044,248)**	**(11,044,248)**
Net carrying amount	**-**	**-**	**552,564**	**552,564**

The Group has 100% interest in Cement Distributors (EA) LImited whose principle activity 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 15.20% and a projected long term growth rate of 3.80% (based on long term projected inflation rate of 3.80%) was used to determine the terminal value.

The value-in-use was most sensitive to the discount rate and long term growth rate. In 2020 there was no impairment charge, however in 2019 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)

In 2019 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 2019 for consideration of TZS 228,460,000 (USD 100,000).

	Group		Company	
	2020 TZS' 000'	2019 TZS' 000'	2020 TZS' 000'	2019 TZS' 000'
At 1 January	-	100	-	100
Disposal	-	(100)	-	(100)
At 31 December	**-**	**-**	**-**	**-**

(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 2020 and 2019.

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	
	2020 TZS' 000'	2019 TZS' 000'	2020 TZS' 000'	2019 TZS' 000'
At 1 January	1,586,736	6,466,965	1,586,736	6,466,965
Fair value (loss)/gain	(1,376,763)	(4,900,313)	(1,376,763)	(4,900,313)
Foreign exchange gain	19,197	20,084	19,197	20,084
At 31 December	**229,170**	**1,586,736**	**229,170**	**1,586,736**
Net (loss)/gain on the interest rate cap	(1,357,566)	(4,880,229)	(1,357,566)	(4,880,229)

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 2020:	Date	USD	TZS '000'
Valuation	01 Jan 2020	693,408	1,586,736
Loss on fair value		(593,702)	(1,376,763)
Balance after fair value adjustment	31-Dec-20	99,706	209,973
Foreign currency valuation at year end	31-Dec-20	99,706	229,170
Exchange rate gain on valuation			19,197

At 31 December 2019:	Date	USD	TZS '000'
Valuation	01 Jan 2019	2,239,538	6,466,965
Gain 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

Refer to Note 43 for further disclosures on fair value.

22 EMPLOYEES' SHARE TRUST

	Group		Company	
	2020 TZS' 000'	2019 TZS' 000'	2020 TZS' 000'	2019 TZS' 000'
At 1 January	421,890	450,016	421,890	450,016
Impairment of the amount due from the Trust	(70,315)	(28,126)	(70,315)	(28,126)
At 31 December	**351,575**	**421,890**	**351,575**	**421,890**
Changes in treasury shares/impairment of amount due from the Trust				
At 1 January	(1,365,967)	(1,337,841)	(1,365,967)	(1,337,841)
Charge for the year	(70,315)	(28,126)	(70,315)	(28,126)
At 31 December	**(1,436,282)**	**(1,365,967)**	**(1,436,282)**	**(1,365,967)**

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 (2019: 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.

23 INVENTORY

	Group		Company	
	2020 TZS' 000'	2019 TZS' 000'	2020 TZS' 000'	2019 TZS' 000'
Raw materials (at cost)	17,953,799	21,294,606	17,953,799	21,294,606
Semi finished and finished products (at cost)	7,502,077	66,413	7,502,077	66,413
Fuels (at cost)	10,747,981	6,250,218	10,747,981	6,250,218
Parts and consumables (at cost)	26,808,564	29,957,499	26,808,564	29,957,499
Total cost	**63,012,421**	**57,568,736**	**63,012,421**	**57,568,736**
Provision for obsolete inventories	(8,987,034)	(9,352,358)	(8,987,034)	(9,352,358)
Total inventory at the lower of cost and net realisable value	**54,025,387**	**48,216,378**	**54,025,387**	**48,216,378**
Movement in the provision for obsolete inventory:				
At 1 January	9,352,358	8,240,214	9,352,358	8,226,767
Increase for the year	(365,324)	1,112,144	(365,324)	1,125,591
At 31 December	**8,987,034**	**9,352,358**	**8,987,034**	**9,352,358**

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 2020

Group and Company	**Amount in TZS '000'**	**% Provision**	**Provision in TZS '000'**
Inventory with no movement for the past 1 year	3,591,808	-30%	(1,077,542)
Inventory with no movement for the past 2 years	2,215,439	-50%	(1,107,720)
Inventory with no movement for the past 3+ years	8,502,216	-80%	(6,801,772)
	14,309,463		**(8,987,034)**

23 INVENTORY ***(Cont)***

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)**

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

During 2020, no expense was recognised for inventory carried at net realisable value (2019: Nil).

The unrealised profit for the year relating to inventory held by the subsidiary was nil (2019: NIl).

The change in inventories recognised in cost of sales as credit for the year was TZS 73,253 million (2019: TZS 90,784 million)

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

	Group		Company	
	2020	2019	2020	2019
24 TRADE AND OTHER RECEIVABLES	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
Trade receivables	7,734,487	9,879,955	7,644,435	9,283,342
Allowance for expected credit losses (ECLs)	(3,846,857)	(3,840,916)	(3,536,610)	(3,514,023)
	3,887,630	6,039,039	4,107,825	5,769,319
Prepaid expenses	1,256,823	2,406,979	1,187,632	2,382,197
Other receivables	4,746,463	2,271,314	4,744,205	2,271,314
	6,003,286	4,678,293	5,931,837	4,653,511
Allowance for ECLs	(91,239)	(99,894)	(91,239)	(99,894)
	5,912,047	4,578,399	5,840,598	4,553,617
Net trade and other receivables	**9,799,677**	**10,617,438**	**9,948,423**	**10,322,936**

Other receivables include advance payments to suppliers.

	Group 2020	Group 2019	Company 2020	Company 2019
Movement in the gross trade receivables amount:				
At 1 January	9,879,955	8,363,009	9,283,342	8,400,560
Invoices raised during the year	212,512,260	220,882,297	212,512,260	218,031,750
Payments received during the year	(214,657,728)	(219,365,351)	(214,151,167)	(217,148,968)
At 31 December	**7,734,487**	**9,879,955**	**7,644,435**	**9,283,342**
Movement in ECL				
At 1 January	3,940,810	2,980,651	3,613,917	856,691
Increase/(decrease) in ECLs	(2,714)	960,159	13,932	2,757,226
At 31 December	**3,938,096**	**3,940,810**	**3,627,849**	**3,613,917**

24 TRADE AND OTHER RECEIVABLES *(Cont)*

	Group		Company	
	2020 TZS' 000'	2019 TZS' 000'	2020 TZS' 000'	2019 TZS' 000'
The allowance for ECL is made up as follows:				
On trade receivables	3,846,857	3,840,916	3,536,610	3,514,023
On other receivables	91,239	99,894	91,239	99,894
	3,938,096	**3,940,810**	**3,627,849**	**3,613,917**

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.

Days sales outstanding were	13	16	13	16

The ageing analysis of trade receivables was as follows:

Up to 30 days	2,481,220	5,138,153	2,766,736	5,138,153
31 - 60 days	993,551	947,590	993,551	520,278
61 - 90 days	436,568	510,826	436,568	381,525
91-120 days	141,508	331,469	141,508	306,469
Over 120 days	3,681,640	2,951,917	3,306,072	2,936,917
At 31 December	**7,734,487**	**9,879,955**	**7,644,435**	**9,283,342**

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, cash deposits and letters of credit as security for some of the trade and other receivables.

25 VAT RECOVERABLE

	Group		Company	
	2020 TZS' 000'	2019 TZS' 000'	2020 TZS' 000'	2019 TZS' 000'
At 1 January	-	132,190	-	132,190
Amounts utilised during the year	-	(132,190)	-	(132,190)
At 31 December	**-**	**-**	**-**	**-**

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

26 CASH AND BANK BALANCES

	Group		Company	
	2020	2019	2020	2019
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
Cash on hand	18,330	27,354	18,330	27,354
Bank balances	3,382,016	9,164,414	3,028,298	8,790,456
Gross cash and bank balances	3,400,346	9,191,768	3,046,628	8,817,810
Expected credit losses:				
At 1 January	(284,423)	(254,245)	(122,329)	(83,215)
(Increase)/decrease for the year	88,649	(30,178)	118,459	(39,114)
ECL on bank balance held in CDEAL Burundi	-	-	-	-
At 31 December	**(195,774)**	**(284,423)**	**(3,870)**	**(122,329)**
Net carrying amount	**3,204,572**	**8,907,345**	**3,042,758**	**8,695,481**

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.

As at 31 December 2020, TZS 100 million was pledged as collateral for purchase of cement on credit (2019: Nil).

The cash and cash equivalents position for the purpose of the consolidated and separate statements of cash flows was as follows:

	Notes	Group 2020	Group 2019	Company 2020	Company 2019
Cash and cash equivalents as above		3,204,572	8,907,345	3,042,758	8,695,481
Bank overdrafts	31	(23,612,164)	(28,166,677)	(23,612,164)	(28,166,677)
Net cash and cash equivalents		**(20,407,592)**	**(19,259,332)**	**(20,569,406)**	**(19,471,196)**
Undrawn borrowing facilities - overdraft facilities					
Standard Chartered Bank		-	777,032	-	777,032
National Bank of Commerce (NBC)		146,215	115,796	146,215	115,796
Stanbic Bank (Tanzania) Limited*		6,973,907	1,532,495	6,973,907	1,532,495
		7,120,122	**2,425,323**	**7,120,122**	**2,425,323**

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

27 NON-CURRENT ASSETS HELD-FOR-SALE

		Group		Company	
		2020 TZS' 000'	2019 TZS' 000'	2020 TZS' 000'	2019 TZS' 000'
Cost	**Notes**				
At 1 January		3,870	-	-	-
Transfer from property, plant and equipment	16	-	3,870	-	-
At 31 December		**3,870**	**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. Due to Covid-19 pandemic, the Group could not realize the assets and the Directors believe that these assets will be realized within 2021.

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 (2019: 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:

	%	%	%	%
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:

At 1 January	11,930,804	-	11,829,418	-
Initial application of IFRS 16	-	15,759,162	-	15,564,151
At 1 January - restated	**11,930,804**	**15,759,162**	**11,829,418**	**15,564,151**
Additions	2,941,535	919,610	2,941,535	919,610
Accretion of interest	1,099,879	1,418,478	1,101,294	1,389,426
Payments - interest	(930,184)	(1,249,127)	(915,308)	(1,230,758)
Payments - principal	(4,047,451)	(4,917,319)	(3,983,300)	(4,813,011)
At 31 December	**10,994,583**	**11,930,804**	**10,973,639**	**11,829,418**
Maturity analysis of the lease liabilities:				
Current	5,833,975	4,530,368	5,788,769	4,458,538
Non-current	5,160,608	7,400,436	5,184,870	7,370,880
	10,994,583	**11,930,804**	**10,973,639**	**11,829,418**

29 LEASE LIABILITIES *(Cont)*

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

	Group		Company	
	2020 TZS' 000'	2019 TZS' 000'	2020 TZS' 000'	2019 TZS' 000'
Relating to recognised liabilities				
Present value of minimum lease commitments	10,994,583	11,930,804	10,973,639	11,829,418
Future finance costs	38,993,485	47,348,487	38,969,223	47,330,174
Minimum lease commitments	**49,988,068**	**59,279,291**	**49,942,862**	**59,159,592**
Short term lease contracts				
Minimum lease commitments	-	47,913	-	-
Total lease commitments	**49,988,068**	**59,327,204**	**49,942,862**	**59,159,592**
Maturity analysis of lease commitments:				
- Within one year	5,833,975	11,990,924	5,788,769	11,858,269
- Within two to five years	4,034,593	6,654,215	4,034,593	6,619,258
- After five years	40,119,500	40,682,065	40,119,500	40,682,065
	49,988,068	**59,327,204**	**49,942,862**	**59,159,592**

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 (2019: None). The leases have no escalation clauses.

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

	Maturity	2020 and 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% and14%	-	-

SIMBA CEMENT
STRENGTH WITHIN

30 PROVISION FOR SITE RESTORATION

	Group		Company	
	2020 TZS' 000'	2019 TZS' 000'	2020 TZS' 000'	2019 TZS' 000'
At 1 January	26,931	26,057	26,931	26,057
Additional provision during the year	1,170	874	1,170	874
At 31 December	**28,101**	**26,931**	**28,101**	**26,931**

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 16.52% (2019: 17.52%).
- The site is of medium risk and medium sensitivity.
- Tanzania inflation rate used was 5.5% (2019: 3.5%).
- The estimated actual site restoration cost assuming closure happened as at year-end was TZS 5.7 billion (2019: TZS 4.5 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.

	Group		Company	
	2020 TZS' 000'	2019 TZS' 000'	2020 TZS' 000'	2019 TZS' 000'
At 1 January	192,615,283	223,851,073	192,615,283	223,851,073
Interest accrued	11,733,105	15,784,821	11,733,105	15,784,821
Impact of re-measurement on changes in terms	-	-	-	-
Loan repayment	(22,009,801)	(31,230,693)	(22,009,801)	(31,230,693)
Interest paid	(11,519,161)	(17,065,716)	(11,519,161)	(17,065,716)
Foreign exchange differences	817,270	1,275,798	817,270	1,275,798
At 31 December	**171,636,695**	**192,615,283**	**171,636,695**	**192,615,283**
Less: Current portion	(30,069,355)	(39,916,316)	(30,069,355)	(39,916,316)
Non current portion	**141,567,340**	**152,698,967**	**141,567,340**	**152,698,967**

31 **INTEREST - BEARING BORROWINGS *(Cont)***

Facility	Loan type	Interest rate	Maturity	Group and Company 2020 TZS' 000'	2019 TZS' 000'
USD 60 million PIC term loan A and USD 52 million PIC term loan B					
2020: USD 45,000,000 (2019: USD 48,000,000)	Loan A	6 months US Libor +3.9%	By September 2026	62,746,202	81,618,240
2020: USD 30,232,002 (2019: USD 32,557,620	Loan B	6 months US Libor +4.5%	By September 2025	53,533,114	64,554,924
Re-measurement loss on change in terms				4,927,949	4,927,949
			Fx revaluation at year end	47,036,068	38,151,872
Total principal amount				**168,243,332**	**189,252,985**
Interest accrued				3,393,364	3,362,888
Total amount outstanding				**171,636,696**	**192,615,872**

	2020	2019
The current portion is made up as follows:		
Principal amount	26,675,991	36,553,428
Interest accrued	3,393,364	3,362,888
	30,069,355	**39,916,316**

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		

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	
	2020 TZS' 000'	2019 TZS' 000'	2020 TZS' 000'	2019 TZS' 000'
Standard Chartered Bank Tanzania Limited	9,240,011	8,374,968	9,240,011	8,374,968
National Bank of Commerce Limited (NBC)	9,853,785	9,884,204	9,853,785	9,884,204
Stanbic Bank (Tanzania) Limited	4,518,368	9,907,505	4,518,368	9,907,505
	23,612,164	**28,166,677**	**23,612,164**	**28,166,677**

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.

Interest rate

The overdraft bears a rate of interest of 6 months LIBOR rate plus 2.75% per annum (2019: 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 (2019: 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 tresury bill plus 3.5% margin with the floor rate of 8% per annum (2019: 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 + 5.5% 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 5.5% per annum for amounts drawn down in TZS (2019: 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) 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	
	2020	2019	2020	2019
32 TRADE AND OTHER PAYABLES	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
Trade accounts payable	23,999,567	19,994,959	23,577,115	19,930,089
Freight and duty clearing	2,146,282	3,694,548	2,146,282	3,694,548
Dividend payable	900,722	907,687	900,722	907,687
Accrued expenses	13,059,321	10,835,812	13,059,321	10,835,812
Other payables	5,626,867	3,831,583	5,626,867	3,831,583
	45,732,759	**39,264,589**	**45,310,307**	**39,199,719**

The other payables balance as at year-end comprises accruals for received but not yet invoiced goods of TZS 3.6 billion and TZS 3.6 billion (2019: TZS 1.1 billion and TZS 1.1 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. (Refer to Note 33).
- 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	
	2020	2019	2020	2019
The contract liabilities are made up as follows:	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
Volume rebates	833,992	259,378	833,992	259,378
Advance payments from customers	7,416,365	3,609,339	7,776,810	3,378,683
	8,250,357	**3,868,717**	**8,610,802**	**3,638,061**
Movement in contract liabilities:				
Volume rebates				
At 1 January	259,378	2,376,114	259,378	2,356,369
Rebates awarded during the year	7,240,842	7,912,462	7,240,842	7,912,462
Rebates paid during the year	(6,666,228)	(10,029,198)	(6,666,228)	(10,009,453)
At 31 December	**833,992**	**259,378**	**833,992**	**259,378**
Advances payments from customers				
At 1 January	3,600,557	1,857,654	3,378,683	1,600,633
Advances received during the year	62,298,560	33,013,873	62,880,879	30,336,781
Advances amortised to revenue	(58,482,752)	(31,270,970)	(58,482,752)	(28,558,731)
At 31 December	**7,416,365**	**3,600,557**	**7,776,810**	**3,378,683**

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.

34 DERIVATIVE LIABILITIES

Forward currency contracts

National Bank of Commerce	-	191,950	-	191,950
Standard Chartered Bank	-	556,635	-	556,635
	-	748,585	-	748,585

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.

Refer to Note 13 for further disclosure on forward contracts

The nominal amount of the forward currency contracts was:				
National Bank of Commerce	-	7,789,859	-	7,789,859
Standard Chartered Bank	-	13,367,499	-	13,367,499
	-	21,157,358	-	21,157,358

35 CASH GENERATED FROM OPERATING ACTIVITIES

		Group		Company	
		2020 TZS' 000'	2019 TZS' 000'	2020 TZS' 000'	2019 TZS' 000'
Reconciliation of operating profit to cash flows from operating activities:					
Operating profit	**Notes**	17,257,032	12,428,188	17,228,605	9,705,986
Adjusted for non cash items:					
Gain on disposal of equity investment	7	-	(228,360)	-	(228,360)
Depreciation charge	10	24,214,893	24,334,730	24,219,912	24,159,309
Other unrealised charges		-	28,126		-
Impairment charge	10	-	-	70,315	1,222,538
(Decrease)/ increase in ECL on bank balances	10	(88,649)	30,178	(118,459)	39,114
(Decrease)/ Increase in ECL on trade receivables	10	(2,714)	960,159	13,932	2,757,226
Ba debts write off		298,533	-	298,533	-
Increase in provision for leave pay		(68,041)	-	(68,041)	-
Gain on sale of property, plant & equipment (PPE)	10	(17,467)	(81,960)	(17,467)	(65,768)
Loss on de-recognition of PPE and investment property	10	253,749	351,705	253,749	351,705
(Decrease)/ increase in provision for obsolete inventories	23	(365,324)	1,112,144	(365,324)	1,125,591
Increase in site restoration provision	30	1,170	874	1,170	874
Operating profit before working capital changes		**41,483,182**	**38,935,784**	**41,516,925**	**39,068,215**
(Increase)/decrease in inventories - less provisions		(5,443,685)	(4,521,961)	(5,443,685)	(5,197,887)
Decrease/ (increase) in trade and other receivables - gross		820,475	(944,098)	360,581	(560,919)
Decrease in VAT recoverable		-	132,190	-	132,190
Increase in trade and other payables		6,468,170	9,428,271	6,110,588	9,820,258
Increase/(decrease) in contract liabilities		4,381,640	(365,051)	4,972,741	(318,941)
Cash generated from operating activities		**47,709,783**	**42,665,135**	**47,517,150**	**42,942,916**

36 DIVIDENDS

No dividend was proposed, approved or paid during the year (2019: 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 in 2019 following the Capital Market Security Authority published guidance. As such, no dividends were rescinded during the year.

		Group		Company	
37 RELATED PARTY DISCLOSURES		2020 TZS' 000'	2019 TZS' 000'	2020 TZS' 000'	2019 TZS' 000'

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

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

(a) Sales to related parties

Related party	Relationship	Group 2020	Group 2019	Company 2020	Company 2019
CDEAL - Cement sales	Subsidiary	-	-	-	9,139,561
CDEAL - Management services fees	Subsidiary	-	-	746,554	72,010

(b) Purchases from related parties

Related party	Relationship	Group 2020	Group 2019	Company 2020	Company 2019
CDEAL - Transportation services	Subsidiary	-	-	-	144,162
CDEAL - Marketing fees	Subsidiary	-	-	-	475,747
AfriSam South Africa (Pty) Ltd - Reimbursable expenses	Sister company	2,319,547	2,534,626	2,319,547	2,534,626
PIC (SAGEPF) - interest expense	Shareholder	11,733,105	15,784,821	11,733,105	15,784,821
PIC (SAGEPF) - principal loan and interest payment	Shareholder	33,528,962	48,296,409	33,528,962	48,296,409

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 (2019: 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 2020	Group 2019	Company 2020	Company 2019
Short-term employee benefits (salary)	4,615,321	4,386,012	4,013,914	3,921,313
Post-employee benefits (Defined contribution plans)	509,524	354,833	447,441	383,077
	5,124,845	**4,740,845**	**4,461,356**	**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 2020, there was no outstanding amount with key management personnel (2019: Nil).

37 **RELATED PARTY DISCLOSURES**
(Cont)

	Group		Company	
	2020	2019	2020	2019
Directors' emoluments	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
Non-executive Chairman	26,930	32,644	26,930	32,644
Non-executive Directors	72,899	88,437	72,899	88,437
Executive Directors (included in key management personnel above)	1,838,723	2,476,832	1,838,723	2,476,832
	1,938,552	**2,597,913**	**1,938,552**	**2,597,913**

As at 31 December 2020, there were no outstanding balance with the directors (2019: Nil).

(d) Amounts due to/from related parties

Balances due to/from related parties were as follows:

Due from related parties				
Due from the Trust	-	-	351,575	421,890
Cement Distributors (EA) Limited	-	-	1,316,833	1,297,894
Due to related companies				
Cement Distributors (EA) Limited	-	-	342,896	557,076
Cement Distributors Rwanda (EA) Limited	-	-	360,445	359,641
PIC (SAGEPF) - term loan	171,636,695	192,615,283	171,636,695	192,615,283
AfriSam South Africa (Pty) Limited	1,785,781	1,404,971	1,785,781	1,404,971

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:

Cement Distributors (E.A) Limited	-	-	17,859	1,298,974

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:

Approved and contracted for :				
Capital projects	1,337,317	597,382	1,337,317	597,382

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38 COMMITMENTS ***(Cont)***

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.

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 2020, A = ((600-1,360) x 703,000) - (1,360x703,000) = (534,280,000)

As at 31 December 2019, A = ((640-1,360) x 703,000) - (1,360x703,000) = (506,160,000)

As such, no liability was recognised in 2020 and 2019 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 2020 and 31 December 2019.

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	
		2020	2019	2020	2019
	Note	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
Lease liabilities	29	10,994,583	11,930,804	10,973,639	11,829,418
Bank overdrafts	31	23,612,164	28,166,677	23,612,164	28,166,677
Term borrowings	31	171,636,695	192,615,283	171,636,695	192,615,283
Trade and other payables	32	45,732,759	39,264,589	45,310,307	39,199,719
Less: Cash and bank balances	26	(3,204,572)	(8,907,345)	(3,042,758)	(8,695,481)
Net debt		**248,771,629**	**263,070,008**	**248,490,047**	**263,115,616**
Total capital		136,010,419	138,085,160	134,856,650	137,011,957
Capital and net debt		**384,782,048**	**401,155,168**	**383,346,697**	**400,127,573**
Gearing ratio		**65%**	**66%**	**65%**	**66%**

The Group's and Company's policy is to maintain a gearing ratio of below 80%.
The Company was compliant with the key covenants in the term loan agreement as at 31 December 2020 (2019: compliant).

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 2020	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	-	229,170	229,170	-	229,170	229,170
Due from employees' share trust	-	-	-	351,575	-	351,575
Trade and other receivables	8,542,854	-	8,542,854	8,760,791	-	8,760,791
Cash and bank balances	3,204,572	-	3,204,572	3,042,758	-	3,042,758
	11,747,426	**229,170**	**11,976,596**	**12,155,124**	**229,170**	**12,384,294**
Financial liabilities						
Lease liabilities	10,994,583	-	10,994,583	10,973,639	-	10,973,639
Term borrowings	171,636,695	-	171,636,695	171,636,695	-	171,636,695
Trade and other payables	44,486,549	-	44,486,549	44,215,706	-	44,215,706
Derivative liabilities	-	-	-	-	-	-
Bank overdrafts	23,612,164	-	23,612,164	23,612,164	-	23,612,164
	250,729,990	**-**	**250,729,990**	**250,438,204**	**-**	**250,438,204**
At 31 December 2019						
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						
Financial 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**

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 2020 and 31 December 2019. 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 73.1 million resulting in an unhedged debt amount of USD 35.6 million, which was 61.53% 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	
2020 Group and Company	1% increase TZS'000'	1% decrease TZS'000'	1% increase TZS'000'	1% decrease TZS'000'
Variable interest bearing financial instruments				
Term borrowings	(687,208)	687,208	(481,046)	481,046
Bank overdraft	(236,122)	236,122	(165,285)	165,285
	(923,330)	**923,330**	**(646,331)**	**646,331**
2019 Group and Company				
Term borrowings	(896,586)	896,586	(627,610)	627,610
Bank overdraft	(281,667)	281,667	(197,167)	197,167
	(1,178,253)	**1,178,253**	**(824,777)**	**824,777**

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.

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 2020						
Financial assets						
Financial asset - Interest rate cap	-	-	-	-	229,170	229,170
Trade and other receivables	-	-	-	-	8,542,854	8,542,854
Cash and bank balances	36,266	-	-	-	3,168,306	3,204,572
	36,266	-	-	-	11,940,330	11,976,596
Financial liabilities						
Lease liabilities	-	5,833,975	5,160,608	-	-	10,994,583
Term borrowings	-	30,069,355	117,086,291	24,481,049	-	171,636,695
Trade and other payables	-	-	-	-	44,486,549	44,486,549
Derivative liabilities	-	-	-	-	-	-
Bank overdrafts	23,612,164	-	-	-	-	23,612,164
	23,612,164	35,903,330	122,246,899	24,481,049	44,486,549	250,729,990
Net exposure	**(23,575,898)**	**(35,903,330)**	**(122,246,899)**	**(24,481,049)**		
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	82,080	-	-	-	8,825,307	8,907,387
	82,080	-	-	-	18,622,502	18,704,582
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	**(28,084,597)**	**(44,446,684)**	**(124,768,288)**	**(35,331,115)**		

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 2020						
Financial assets						
Financial asset - Interest rate cap	-	-	-	-	229,170	229,170
Due from employees' share trust	-	-	-	-	351,575	351,575
Trade and other receivables	-	-	-	-	8,760,791	8,760,791
Cash and bank balances	36,266	-	-	-	3,006,492	3,042,758
	36,266	-	-	-	12,348,028	12,384,294
Financial liabilities						
Lease liabilities	-	5,788,769	5,184,870	-	-	10,973,639
Term borrowings	-	30,069,355	117,086,291	24,481,049	-	171,636,695
Trade and other payables	-	-	-	-	44,215,706	44,215,706
Derivative liabilities	-	-	-	-	-	-
Bank overdrafts	23,612,164	-	-	-	-	23,612,164
	23,612,164	35,858,124	122,271,161	24,481,049	44,215,706	250,438,204
Net exposure	**(23,575,898)**	**(35,858,124)**	**(122,271,161)**	**(24,481,049)**		
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	82,080	-	-	-	8,613,443	8,695,523
	82,080	-	-	-	18,562,808	18,644,888
Financial liabilities						
Lease liabilities	-	4,428,982.00	3,292,627	4,107,809.00	-	11829418
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	**(28,084,597)**	**(44,345,298)**	**(124,768,288)**	**(35,331,115)**		

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).

	2020		2019	
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%	(18,346,733)	10%	(20,364,203)
Net effect based on statement of financial position	-10%	18,346,733	-10%	20,364,203
Company				
Net effect based on statement of financial position	+10%	(18,346,733)	10%	(20,364,203)
Net effect based on statement of financial position	-10%	18,346,733	-10%	20,364,203

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 2020 and 31 December 2019 are summarised in the table below (All amounts expressed in TZS '000).

	Group - At 31 December 2020			
	Exposure in USD	Exposure in EURO	Exposure in ZAR	Total in functional currency
Financial assets				
Financial asset - Interest rate cap	229,170	-	-	229,170
Trade and other receivables	822,979	-	-	822,979
Cash and bank balances	214,281	71,285	35,764	321,330
	1,266,430	71,285	35,764	1,373,479
Financial liabilities				
Lease liabilities	6,435,144	-	-	6,435,144
Term borrowings	171,636,695	-	-	171,636,695
Trade and other payables	2,641,822	1,939,612	2,070,734	6,652,168
Derivative liabilities	-	-	-	-
Bank overdrafts	4,020,097	-	-	4,020,097
	184,733,758	1,939,612	2,070,734	188,744,104
Net exposure	**(183,467,328)**	**(1,868,327)**	**(2,034,970)**	**(187,370,625)**

40 FINANCIAL RISK MANAGEMENT *(Cont)*

Interest rate risk (Continued)

	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)**

	Company - At 31 December 2020			
	Exposure in USD	Exposure in EURO	Exposure in ZAR	Total in functional currency
Financial assets				
Financial asset - Interest rate cap	229,170	-	-	229,170
Trade and other receivables	822,979	-	6,910	829,889
Cash and bank balances	209,534	71,285	35,764	316,583
	1,261,683	71,285	42,674	1,375,642
Financial liabilities				
Lease liabilities	6,402,738	-	-	6,402,738
Term borrowings	171,636,695	-	-	171,636,695
Trade and other payables	2,641,822	1,939,612	2,070,734	6,652,168
Derivative liabilities	-	-	-	-
Bank overdrafts	4,020,097	-	-	4,020,097
	184,701,352	1,939,612	2,070,734	188,711,698
Net exposure	**(183,439,669)**	**(1,868,327)**	**(2,028,060)**	**(187,336,056)**

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

Foreign currency risk (cont)

	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
	8,725,075	99,480	106,863	8,931,418
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	**(203,642,024)**	**(1,436,400)**	**(1,738,906)**	**(206,817,330)**

Applicable exchange rates:	USD	Euro	ZAR
Average for the year ended 31 December 2020	2,298	2,821	157
At 31 December 2020	2,287	2,806	157
Average for the year ended 31 December 2019	2,285	2,588	161
At 31 December 2019	2,288	2,560	163

(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)*

Credit risk management (cont)

	Notes	Group 2020 TZS' 000'	Group 2019 TZS' 000'	Company 2020 TZS' 000'	Company 2019 TZS' 000'
Due from employees' share trust	22	-	-	351,575	421,890
Trade and other receivables	24	12,389,711	12,051,375	12,297,401	11,454,762
Bank balances	26	3,382,016	9,164,414	3,028,298	8,790,456
		15,771,727	**21,215,789**	**15,677,274**	**20,667,108**

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

	2020 TZS'000	2020 %	2019 TZS'000	2019 %
Trade receivables - third parties	3,887,630	100%	6,039,039	100%
Due from related parties	-	0%	-	0%
	3,887,630	**100%**	**6,039,039**	**100%**

Company

	2020 TZS'000	2020 %	2019 TZS'000	2019 %
Trade receivables - third parties	2,790,991	68%	4,470,345	77%
Due from related parties	1,316,833	32%	1,298,974	23%
	4,107,825	**100%**	**5,769,319**	**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

	2020 Number of customers	2020 % of total receivables	2019 Number of customers	2019 % of total receivables
Owed less than or equal to TZS 200 million	257	39%	214	33%
Owed more than TZS 200 million	10	61%	10	67%
	267		224	

Company

	2020 Number of customers	2020 % of total receivables	2019 Number of customers	2019 % of total receivables
Owed less than or equal to TZS 200 million	209	34%	157	16%
Owed more than TZS 200 million	8	66%	9	84%
	217		**166**	

40 FINANCIAL RISK MANAGEMENT *(Cont)*

Credit 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, cash deposit 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	2020		2019	
	Total amount held	% of total receivables	Total amount held	% of total receivables
Bank guarantees	523,098	7%	1,023,055	13%
Letters of credit	547,526	7%	732,121	10%
Cash deposit	78,604	1%	-	-

Company	2020		2019	
	Total amount held	% of total receivables	Total amount held	% of total receivables
Bank guarantees	523,098	7%	1,023,055	13%
Letters of credit	547,526	7%	732,121	10%
Cash deposit	78,604	1%	-	-

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 2020	<30 days	30 days	31- 60 days	61- 90 days	91-120 days	Over 120 days	Total
Gross carrying amount (TZS'000)*	1,311,525	966,532	562,905	45,387	69,251	3,629,660	6,585,260
Expected credit loss rate (%)	4%	7%	8%	30%	51%	100%	
Expected credit loss (TZS'000)	53,260	68,863	46,059	13,829	35,186	3,629,660	3,846,857

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

Company

At 31 December 2020	<30 days	30 days	31 - 60 days	61- 90 days	91-120 days	Over 120 days	Total
Gross carrying amount (TZS'000)	1,597,040	966,532	562,905	45,387	69,251	3,254,092	6,495,207
Expected credit loss rate (%)	4%	7%	18%	30%	47%	100%	
Expected credit loss (TZS'000)	64,864	68,863	102,350	13,829	32,612	3,254,092	3,536,610

40. FINANCIAL RISK MANAGEMENT *(Cont)*

Credit risk management (cont)

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

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.

*Gross carrying amount excludes fully collateralized recaivables of TZS 1,149 million.

(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 2020					
Lease liabilities	-	5,833,975	4,034,593	40,119,500	49,988,068
Term borrowings	-	33,577,685	140,041,989	13,964,977	187,584,651
Trade and other payables	-	44,486,549	-	-	44,486,549
Bank overdrafts	23,612,164	-	-	-	23,612,164
	23,612,164	**83,898,209**	**144,076,582**	**54,084,477**	**305,671,432**
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**
Company					
At 31 December 2020					
Lease liabilities	-	5,788,769	4,034,593	40,119,500	49,942,862
Term borrowings	-	33,577,685	140,041,989	13,964,977	187,584,651
Trade and other payables	-	44,215,706	-	-	44,215,706
Derivative liabilities	-	-	-	-	-
Bank overdrafts	23,612,164	-	-	-	23,612,164
	23,612,164	**83,582,160**	**144,076,582**	**54,084,477**	**305,355,383**
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**

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 1.6 billion (2019: TZS 7.5 billion).

As at 31 December 2020, 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.

	Status	Group		Company	
		2020	2019	2020	2019
		TZS'000'	TZS'000'	TZS'000'	TZS'000'
Group management fees - Income tax (2014)	Appealed	786,000	786,000	786,000	786,000
CDEAL open tax assessment (2013 - 2017) - Withholding tax on local services	Objected	-	24,527	-	-
CDEAL open tax assessment (2013 - 2017) - Withholding tax on rent	Objected	1,600	23,997	-	-
CDEAL open tax assessments (2013 - 2017) - Income tax	Objected	138,966	278,004	-	-
CDEAL open tax assessment (2014 - 2017) - Skills and development levy	Objected	69,637	69,637	-	-
CDEAL open tax assessment (2018) - Value Added Tax	Objected	325,325	-	-	-
CDEAL open tax assessment (2018) - Paye As You Earn	Objected	275,052	-	-	-
CDEAL open tax assessment (2018) - Skills and development levy	Objected	47,408	-	-	-
CDEAL open tax assessment (2018) - Income tax	Objected	14,480	-	-	-
CDEAL open tax assessment (2018) - Withholding Tax - Rental	Objected	7,641	-	-	-
"CDEAL open tax assessment (2018) - Withholding Tax - Resident	Objected	1,710	-	-	-
TCPLC open tax assessments (2015) - Income Tax	Objected	3,133,435	-	3,133,435	-
TCPLC open tax assessment (2016 - 2018) - Paye As You Earn	Objected	181,868	-	181,868	-
TCPLC open tax assessment (2016 - 2018) - Skills and development levy	Objected	231,142	-	231,142	-
TCPLC open tax assessment (2015 - 2018) - Value Added Tax input tax disallowance on accommodation	Objected	316,508	-	316,508	-
TCPLC open tax assessment (2015 - 2018) - Value added tax	Objected	4,208,250	-	4,208,250	-
TCPLC open tax assessment (2016 - 2018) - Withholding tax on services (Resident)	Objected	1,354,813	-	1,354,813	-
TCPLC open tax assessment (2016 - 2018) - Withholding tax on rent (Other Assets)	Objected	40,031	-	40,031	-
TCPLC open tax assessment (2015 - 2018) - Withholding tax on services (Non-resident	Objected	390,344	-	390,344	-
		11,524,210	**1,182,165**	**10,642,391**	**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.

(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)	
		2020	2019
Market approach	6 months LIBOR interest rates	0.27% - 0.26%	1.08% - 1.92%
	TZS:USD foreign exchange rates	2,287 - 2,310	2,237 - 2,288

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

Market approach	TZS:USD foreign exchange rates	2,287 - 2,310	2,289 - 2,288

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 2020 (2019: None).

44 SEGMENT INFORMATION*(Cont)*

	Group		Company	
	2020 TZS' 000'	2019 TZS' 000'	2020 TZS' 000'	2019 TZS' 000'
Location of non-current assets				
Non-current assets located in Tanzania	324,690,845	345,867,213	323,597,275	344,734,466
Non-current assets located in Rwanda*	3,870	3,870	-	-
	324,694,715	**345,871,083**	**323,597,275**	**344,734,466**
Source of revenue				
Revenue from Tanzania	205,066,948	208,868,401	205,066,948	206,017,854
Revenue from Rwanda	7,445,312	12,013,896	7,445,312	12,013,896
	212,512,260	**220,882,297**	**212,512,260**	**218,031,750**

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

45 GOING CONCERN ASSESSMENT

As at the year end, the Group and the Company had debt balances totalling TZS 172 billion relating to PIC term loans and of which TZS 63 billion (comprising TZS 51 billion and TZS 12 billion of principal repayments and accrued interests, respectively) was falling due in the foreseeable future. Subsequent to the reporting period, the Group and the Company experienced severe cashflow constraints limiting its ability to continue operations relying solely on its cashflows from operations without obtaining financial support from its shareholders including waiver of default events and moratorium on repayments of principal and interest on PIC loan and securing working capital facility.

The Group and the Company are required to comply with the agreements' conditions and covenants of its main lender PIC and, also of its short term and working capital facility lenders and any related unremedied event of default could materially impact the operations of the Group and the Company.

As at the year end, the Group and the Company were current with its total debt repayment obligations to PIC, following an earlier concession, however subsequent to the reporting period some of the key covenants of the PIC loan were breached as follows:

- The Company and the Group did not make the following scheduled capital repayments on its PIC term-loan facility: In respect of the PIC Facility A, the Group and the Company was unable to make the following payments: Capital repayment of USD 3 million on 31 January 2021 – Interest payment of USD 0.9 million on 30 April 2021 and USD 0.3 million on 31 May 2021. In respect of the PIC Facility B, the Group and the Company was unable to make the following payments: – Capital repayment of USD 2.3 million on 31 December 2020 – Interest payment of USD 0.6 million on 30 April 2021 and 0.2 million on 31 May 2021. Moreover, the Company and the Group did not make any payments on principal and interests due on PIC loan during 2021.
- As of 30 September 2021, the Group and the Company recorded PIC debt service cover ratio of 3.9x against covenants target ratio of less than 1.5x and total debt service cover ratio of 3.5x against covenants target ratio of less than 1.3x indicating breach of the covenants.

These breaches were subsequently sufficiently mitigated as explained below.

Due to the increased credit risk, subsequent to the reporting period, the Group and the Company's working capital facility lenders had decided to suspend their facilities as follows:

- Stanbic Bank Tanzania Limited ("Stanbic") cancelled its USD 5 million short-term loan facility and required repayment in full by 31 March 2021. The facility had an outstanding balance of TZS 4.5 billion (equivalent to USD 2 million) as at 31 December 2020 and was settled in full during the first quarter of 2021.
- Standard Chartered Bank Tanzania Limited ("StanChart") reduced its USD 4 million overdraft facility by USD 1 million per month starting on 30 April 2021 and cancelled the facility in full on 31 July 2021. The facility had an outstanding balance of USD 4 million (equivalent of TZS 9 billion) as at 30 June 2021.
- In July 2021, National Bank of Commerce ("NBC") issued notice to the Group and the Company that it will be reducing its local TZS 10 billion facility by TZS 800 million per month, starting from 30 August 2021 until final settlement of the facility. The facility had an outstanding balance of TZS 10 billion as at 30 June 2021.

The Group and the Company each closed the year with a net current liability position of TZS 40 billion compared with a net current liability positions of TZS 46 billion recorded by each in 2019

The Group and the Company each closed the year with a net decrease in cash and cash equivalents of TZS 20 billion compared with a net decrease in cash and cash equivalents of TZS 19 billion recorded by each in 2019.

45 GOING CONCERN ASSESSMENT*(Cont)*

The Company's management and directors have made an assessment of the Group's and the Company's ability to continue as going concerns for the foreseeable future and expect that, based on the following factors, despite the above conditions, the Group and the Company will have access to 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.

Signing of the Standstill and Amendment Agreement with PIC and other lenders.

On 30 November 2021 the Group and the Company signed Standstill and Amendment Agreement with GEPF, PIC, its short-term facility lender AfriSam (Mauritius) Investment Holdings Limited (also parent company) and all its working capital facility providers namely Standard Chartered and NBC granting waiver of the PIC loan default events and the enforcement rights and an interest and principal payment moratorium for a duration of up to fifteen months from its signing date. The Group and the Company, therefore, has the contractual right to avoid repayments of the PIC loan for the standstill period. This will free up the Company's operational cash flows to fund its operations and regularise its working capital facilities over a period of time. The standstill agreement will not be impacted by the successful conclusion of the proposed acquisition (Refer to in Note 46). The purchaser in the proposed acquisition has agreed to purchase or repay the PIC term loan upon the successful conclusion of the acquisition. During this period, the management and directors expect to complete the ongoing restructuring of its PIC debts.

Restoring working capital facilities

(i). On 30 November 2021, the Group and the Company successfully reinstated its working capital facilities with Standard Chartered for 15 months working capital facility of USD 4 million and the NBC for 15 months working capital facility of TZS 10 billion.

(ii). On 25 November 2021, the Company has also signed 15 months term loan facility agreement with its parent company AfriSam (Mauritius) Investment Holding Limited replacing the Stanbic Bank short-term facility which was cancelled earlier and fully repaid in March 2021.

(iii). The management and directors expect that these working capital facilities, short term facility and cash generated from operations will support the operations cash requirements in the foreseeable future.

Management and board actions on operations

The management and the directors have taken operational and financing actions to restore liquidity and ensuring the Group and the Company will be able to continue to operate and meet its obligations as and when they fall due in the normal cause of business. Major of these actions include:

- The directors and the 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 recent successful conclusion of the standstill agreement will support the Group's and the Company'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 and the Company 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 and the Company 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 the working capital facility providers in the ordinary course 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 working capital 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 the Company 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 improve liquidity position.

45. GOING CONCERN ASSESSMENT*(Cont)*

The directors are not aware of any other matters 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.

Having considered the above, the consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern.

46. COVID-19 PANDEMIC CONSIDERATIONS

The measures to slow the spread of Covid-19 have had a significant impact on the global economy and continued to affect countries and businesses at the time of issuing these financial statements. The risks arising from this pandemic could include market, services and supply chain disruptions, unavailability of key people resources, locations being quarantined, among others.

The Company took various measures in line with the recommendations of the WHO and Ministry of Health, Community Development, Gender, Elderly and Children, to preserve the health of employees and support the prevention of contagion in administrative and operational areas, such as working from home, reduced work shifts in operational areas to minimise the number of workers commuting, rigorous cleaning of workplaces, distribution of personal protective equipment, testing of suspected cases and measuring body temperature for all individuals entering the Company premises.

The directors and management have taken into consideration the existing and anticipated effects of the pandemic on the Company's activities and considered the available information about the foreseeable future. The Company's directors and management have assessed that, at the time of issuing these financial statements, it was impracticable to determine and disclose the quantitative extent of the possible effects of the pandemic on the Company. The directors and management have qualitatively assessed the potential impact of the pandemic as follows:

- Decrease in revenue due to decreased sales volume in case of restrictions which impact the customer consumption and buying behaviour.
- Increased expenditure on health and safety to protect employees and customers and also due to changes in work methods aimed at mitigating the spread of the virus.

The directors expect that the Company will continue operations and sales despite the pandemic. As such, management and the directors do not expect any assets to be impaired because of the pandemic. No other significant changes are expected in the application of judgement and estimates made in the measurement of the Company's assets and liabilities, and in assessing the Company's going concern status.

However, the Company's directors and management consider that it is reasonably possible, based on existing knowledge, that outcomes within the next financial year that are different from the judgements and assumptions used, could require material adjustments to the carrying amounts of the assets or liabilities reported in these financial statements. The Company's directors and management will continue to manage the business closely during the pandemic including taking all necessary remedial actions to ensure continuity of the business.

47 EVENTS AFTER THE REPORTING PERIOD

Apart from the matters that were disclosed in Note 45 as having occurred after the reporting period, other events after the reporting period included:

(i). Proposed Acquisition by Scancem International DA of 68.33% of the Shares in Tanga Cement PLC from AfriSam Mauritius Investment Holdings Limited

HeidelbergCement AG and AfriSam Mauritius Investment Holdings Limited ("AfriSam") made a joint public announcement on the 26 October 2021 that Scancem International DA a subsidiary of HeidelbergCement AG, and AfriSam have finalised the terms upon which Scancem will acquire AfriSam's 68.33% shareholding in Tanga Cement PLC.

The Acquisition is subject to the fulfilment, or if applicable, waiver of a number of conditions precedent by 30 June 2022 or such later date as the parties may agree in writing.

The key Conditions that must be fulfilled for closing to occur, include among others (i) approval by the Tanzanian Fair Competition Commission (the "FCC") for the Acquisition being obtained, on terms acceptable to the parties, (ii) approval by the Tanzanian Mining Commission (the "TMC") for the Acquisition being obtained, on terms acceptable to the parties, (iii) approval by the shareholders of Tanga Cement for the Acquisition being obtained, by way of special resolution passed at a duly convened extraordinary shareholders' meeting as required in terms of Regulation 9(5) of the Capital Markets and Securities (Substantial Acquisitions, Takeovers and Mergers) Regulations, 2006 (the "Regulations"), (iv) the Tanzania Revenue Authority issuing a tax clearance certificate in relation to the Acquisition, (v) certain mining licences held by Tanga Cement having been validly issued and/or renewed; and (vi) approval by the Financial Surveillance Department of the South African Reserve Bank or, if permissible, the relevant authorised dealer, in respect of the obligations imposed upon AfriSam (South Africa) Proprietary Limited, an affiliate of AfriSam Holdings Proprietary Limited ("AfriSam Group") as guarantor in terms of the Acquisition, being obtained.

If the Acquisition becomes unconditional and is implemented, Scancem will acquire control of the Company. If this occurs, Scancem will, after the final Acquisition Price is determined, make a general offer to acquire the remaining shares in the Company.

There is no certainty that all the Conditions to the Acquisition will be fulfilled, or waived, timeously. Therefore, there is no certainty that the General Offer will be made. There is also material uncertainty on the final Acquisition Price.

(ii). The Standstill and Amendment Agreement entered into between Tanga Cement PLC, the PIC, NBC, SCB and AfriSam (Mauritius) Investment Holdings Ltd and the replacement and renewal of the working capital facilities.

- The successful conclusion of the Standstill and Amendment Agreement between the parties listed above on 30 November 2021;
- The repayment and replacement of the USD 5 million Stanbic Bank overdraft facility with a 15-month term loan facility from Afrisam, its majority shareholder; and
- The renewal of the NBC and Standard Chartered Bank Tanzania Limited working capital facilities on 30 November 2021 for an effective period of 15 months:
- All working capital facilities will be used for funding working capital and for general corporate purposes

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

48. APPROVAL OF FINANCIAL STATEMENTS

The consolidated and separate financial statements were authorised 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 25 February 2022 at 10:30 AM, online through the Microsoft Teams platform, or at any adjournment thereof.

Signed and witnessed on this day of 2021

....
(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 25 Februari 2022, kupitia mtandao

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

Kama shahidi saini yangu/zetu leo Tarehe 2021

....

(Saini)


CEMENT

Notice to Members

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

Notice is hereby given that the twenty sixth Annual General Meeting of Shareholders of Tanga Cement Public Limited Company will be held on Friday 25 February 2022 at 10:30 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 fifth Annual General Meeting held on 27 Nov 2020.
3. **Financial Statements and Directors' Reports**
   To review and adopt the Financial Statements and Directors' report for the year ended 31 December 2020.
4. **Dividend for the year ended 31 December 2020**
   Shareholders to note the proposal from the Board not to declare a final dividend for the financial year ended 31 December 2020.
5. **Appointment of Directors**
   To appoint Directors to the Board.
6. **Approval of Directors Remuneration**
   To approve the directors' remuneration for the 2021 financial year.
7. **Appointment of External Auditors**
   To approve the appointment of the External Auditors for the 2021 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.

Ganjee

Quresh Ganjee
Company Secretary
30 November 2021

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 sita wa wanahisa wa Kampuni ya Tanga Cement PLC utakaofanyika kupitia mtandao wa mawasiliano wa kidigitali wa Microsoft Teams, siku ya Ijumaa tarehe 25 Februari 2022 kuanzia saa nne na nusu (4.30) asubuhi kwa madhumuni yafuatayo:

1. **Taarifa ya Mkutano**
   Taarifa ya kuitisha mkutano ichukuliwe kama inavyosomeka.

2. **Kupitisha Kumbukumbu**
   Kuidhinisha na kusaini kumbukumbu za Mkutano Mkuu wa Mwaka wa ishirini na tano uliofanyika tarehe 27 November 2020.

3. **Taarifa za Fedha na Ripoti za Wakurugenzi**
   Kupitia na kupitisha Taarifa za Fedha na ripoti za Wakurugenzi kwa mwaka ulioishia tarehe 31 Desemba 2020.

4. **Gawio kwa mwaka ulioishia tarehe 31 Disemba 2020**
   Kuidhinisha tamko la gawio kwa mwaka ulioishia tarehe 31 Desemba 2020.

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

6. **Kuidhinisha Mapato ya Wakurugenzi**
   Kuidhinisha mapato ya Wakurugenzi kwa mwaka wa fedha 2021.

7. **Uteuzi wa Wakaguzi wa Nje**
   Kuidhinisha uteuzi wa Wakaguzi wa Nje kwa mwaka wa fedha 2021.

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.

Quresh Ganijee
Katibu wa Kampuni
30 Novemba 2021

SIMBA IMARA
PORTLAND COMPOSITE CEMENT
TANGA CEMENT PLC
SIMBA BORA
PORTLAND LIMESTONE CEMENT
TANGA CEMENT PLC
SIMBA BARABARA
PORTLAND COMPOSITE CEMENT
TANGA CEMENT PLC
50
kg Net

SIMBA CEMENT
STRENGTH WITHIN

TANGA CEMENT PUBLIC LIMITED COMPANY

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