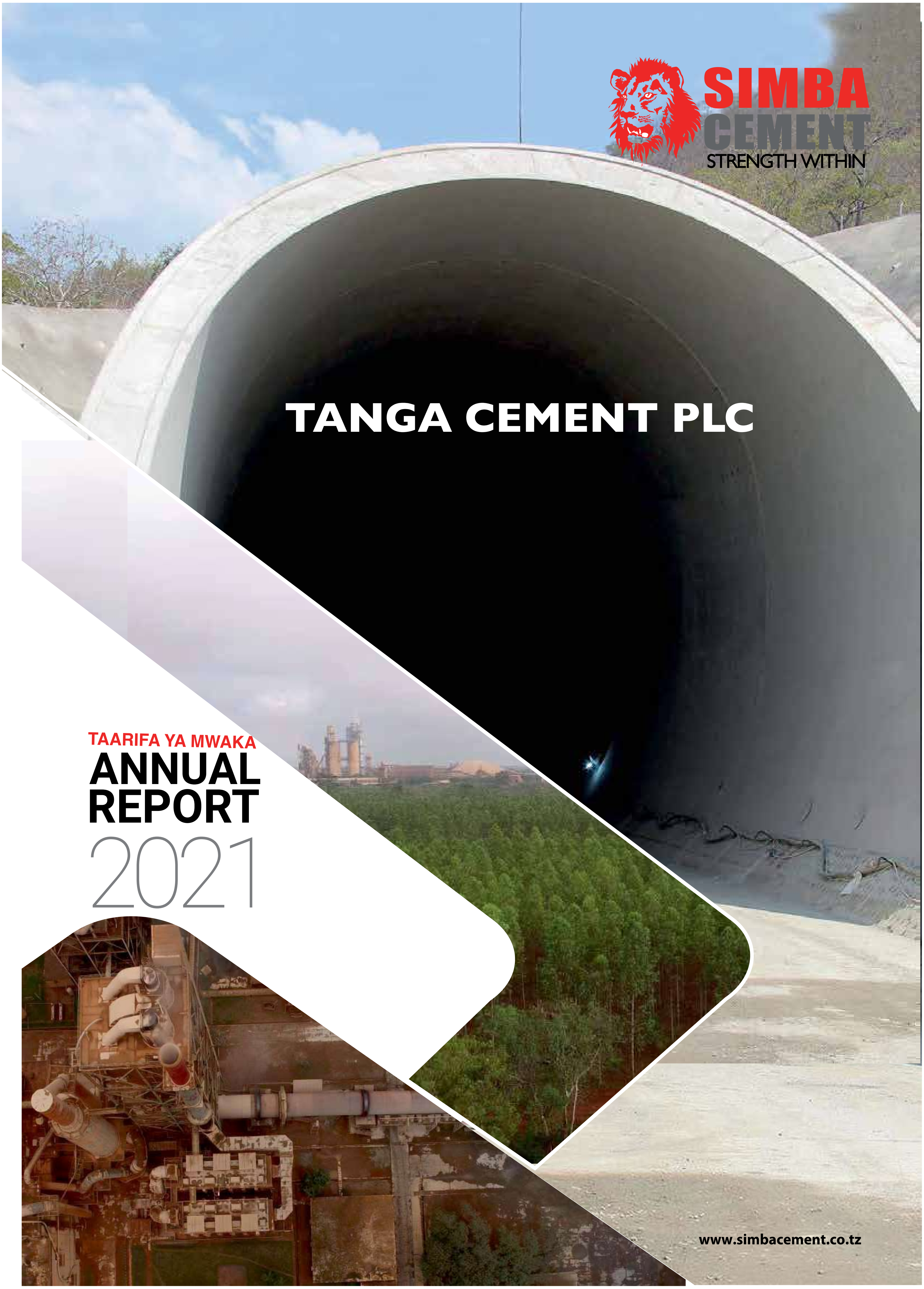

SIMBA CEMENT
STRENGTH WITHIN

TANGA CEMENT PLC

TAARIFA YA MWAKA

ANNUAL REPORT 2021

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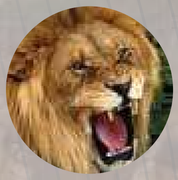

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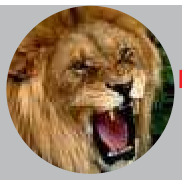
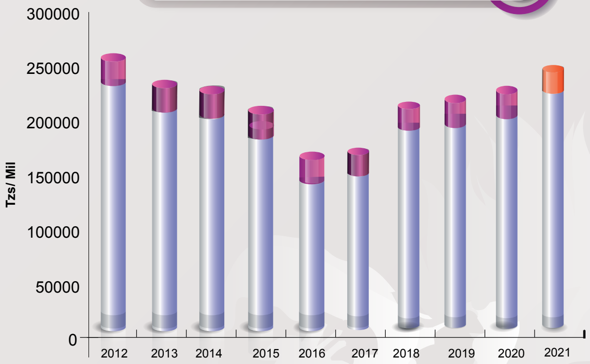


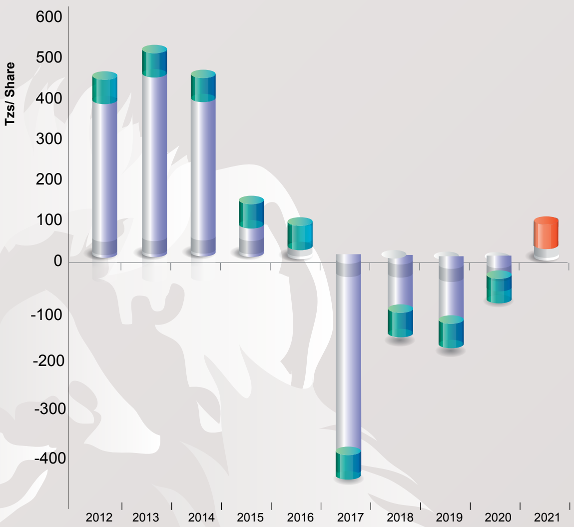
Financial Summary

Revenue



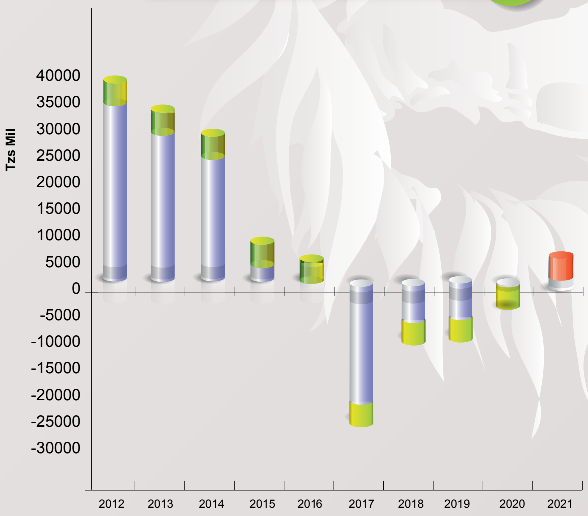
Year	Tzs Millions
2012	257,921.83
2013	233,060.60
2014	232,100.72
2015	209,116.05
2016	166,975.48
2017	171,744.72
2018	214,922.90
2019	220,882.29
2020	212,512.26
2021	230,781.69

Earning per share



Year	Tzs
2012	555.00
2013	505.00
2014	446.00
2015	131.00
2016	68.00
2017	- 418.31
2018	-178.80
2019	-188.23
2020	-33.54
2021	56.12

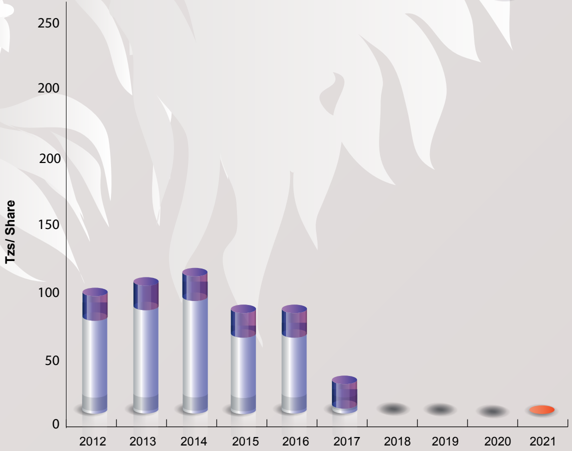
Profit after taxation



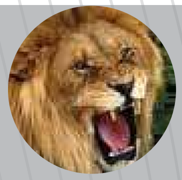
Tzs Million

Year	Tzs Millions
2012	37,113
2013	32,165
2014	28,401
2015	8,242
2016	4,261
2017	-26,340
2018	-11,259
2019	-11,853
2020	-2,112
2021	3,543

Dividend per share

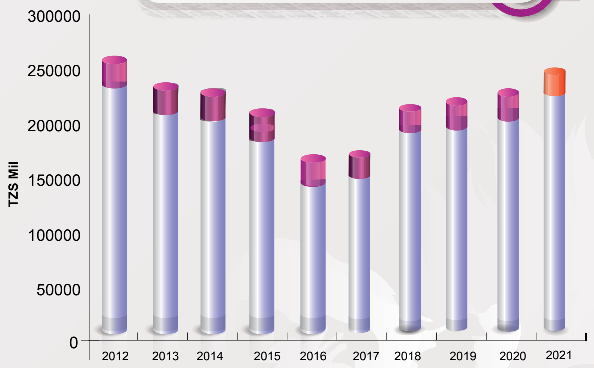


Year	Tzs
2012	100.00
2013	110.00
2014	120.00
2015	80.00
2016	80.00
2017	25.00
2018	0.00
2019	0.00
2020	0.00
2021	0.00



Vidokezo vya Mapato

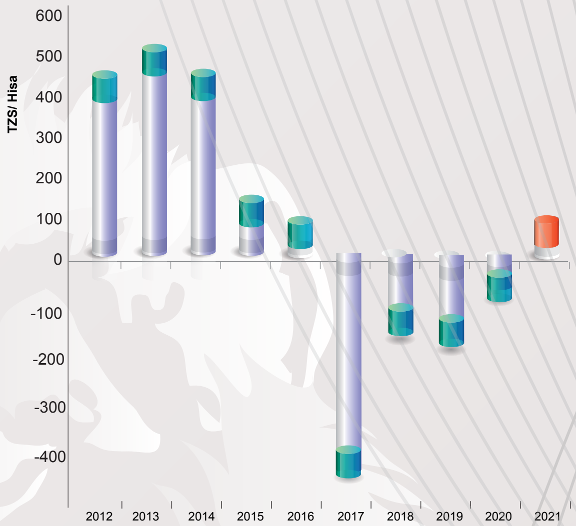
Mapato



Mwaka	TZS Milioni
2012	257,921.83
2013	233,060.60
2014	232,100.72
2015	209,116.05
2016	166,975.48

Mwaka	TZS Milioni
2017	171,744.72
2018	214,922.90
2019	220,882.29
2020	212,512.26
2021	230,781.69

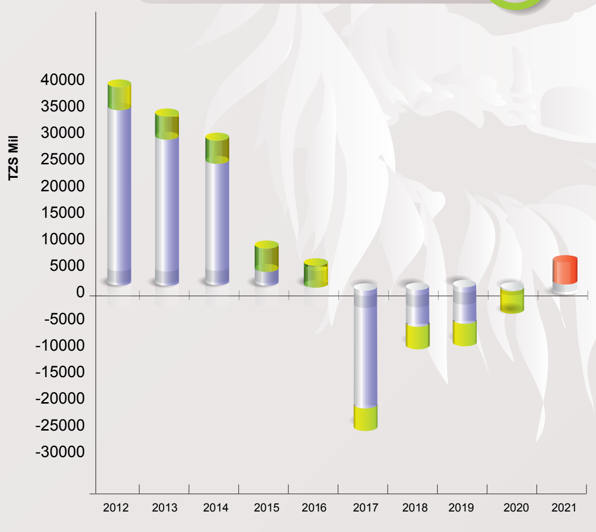
Mapato kwa Hisa



Mwaka	TZS
2012	555.00
2013	505.00
2014	446.00
2015	131.00
2016	68.00

Mwaka	TZS
2017	- 418.31
2018	-178.80
2019	-188.23
2020	-33.54
2021	56.12

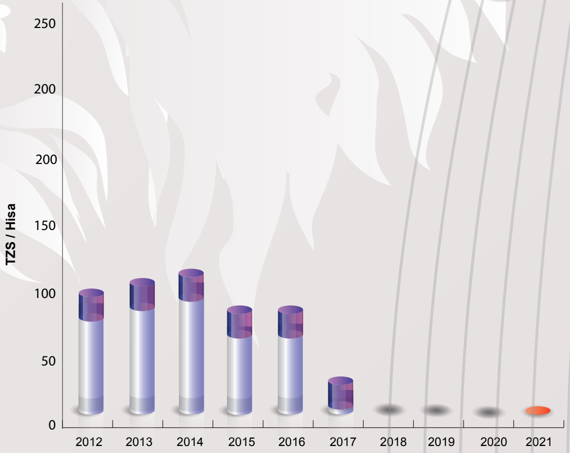
Faida baada ya Kodi



Mwaka	TZS Milioni
2012	37,113
2013	32,165
2014	28,401
2015	8,242
2016	4,261

Mwaka	TZS Milioni
2017	-26,340
2018	-11,259
2019	-11,853
2020	-2,112
2021	3,543

Gawio kwa Hisa



Mwaka	Tzs
2012	100.00
2013	110.00
2014	120.00
2015	80.00
2016	80.00

Mwaka	Tzs
2017	25.00
2018	0.00
2019	0.00
2020	0.00
2021	0.00

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 (51)
Chairperson
LLM (International & Comparative Law)
Tanzanian

- Mr Masha is the Partner and the Chairman of the Lyson Law Group
- He has over twenty-five years of experience of law specialising in corporate law, banking and finance
- Was a founder and Managing Partner of both IMMA Advocates and Gabriel and Co. Attorneys
- Former Executive Chairman and Owner of Fastjet Tanzania Limited
- Director of Newforest Tanzania Limited
- Former Deputy Minister of Energy and Minerals (2006). Deputy Minister for Home Affairs (2006 – 2008) and later the Minister of Home Affairs (2008 – 2010)
- He was recognized as a Young Global Leader by the World Economic Forum in 2009

Mwenyekiti
LLM (Kimataifa & Sheria Linganishi)
Mtanzania

- Bwana Masha ni Mshirika na Mwenyekiti wa Kikundi cha Sheria cha Lyson
- Ana zaidi ya miaka ishirini na mitano ya uzoefu wa sheria aliyebobea katika sheria za ushirika, benki na fedha.
- Alikuwa mwanzilishi na Mshirika Mkuu wa IMMA Advocates na Gabriel and Co. Attorneys
- Aliyekuwa Mwenyekiti Mtendaji na Mmiliki wa Fastjet Tanzania Limited
- Mkurugenzi wa Newforest Tanzania Limited
- Aliyekuwa Naibu Waziri wa Nishati na Madini (2006). Naibu Waziri wa Mambo ya Ndani (2006 – 2008) na baadaye Waziri wa Mambo ya Ndani (2008 – 2010)
- Alitambuliwa kama Kiongozi Mdogo wa Kimataifa na Kongamano la Kiuchumi la Dunia mwaka wa 2009

Reinhardt Swart (48)
Managing Director
Bsc.(Mechanical Engineering),
South African

- Mr Swart has a longstanding career as an expert in the cement manufacturing industry
- He has 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 mtaalam wa taaluma katika sekta ya utengenezaji wa saruji
- Alishika nyadhifa za Mshauri katika kitengo cha Huduma za Kiufundi cha Kundi cha Holcim (Uswizi), Mhandisi wa Mchakato, Mhandisi wa Utendaji wa Mchakato, na Meneja wa Matengenezo, kabla ya kuteuliwa kwa nafasi ya Meneja Mkuu wa kituo cha uzalishaji saruji cha AfriSam cha Dudfield, Afrika Kusini.
- Aliwahi kushika wadhifa wa Meneja Mkuu kabla ya kuteuliwa na Kampuni ya Tanga Cement Public Limited kusimamia ukamilishaji wa mradi wa upanuzi na kuteuliwa kuwa Mkurugenzi Mkuu.

Maelezo mafupi kuhusu Wakurugenzi | Directors' Profiles

Pieter de Jager(50)
Chief Financial Officer
(Executive)

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

South African

- Pieter has over 25 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

- Pieter ana uzoefu wa usimamizi mkuu wa zaidi ya miaka 25 ikijumuisha makampuni makubwa yaliyoorodheshwa katika sekta mbalimbali.
- Alifanya kazi katika nafasi za juu za usimamizi wa fedha na mtendaji katika Uhandisi wa Umeme, FMCG, Supply Chain, Freight Logistics & Warehousing- na sekta za Madini katika nchi mbalimbali za Kusini, Kati na Magharibi mwa Afrika.
- Alikuwa Msimamizi Mkuu wa Kundi la Jonah Capital Group (pamoja na Jonah Mining)
- Kabla ya kujiunga na Tanga Cement PLC, amewahi kushika wadhifa wa CFO wa Kundi na mkurugenzi wa Andulela Investment Holdings Ltd (JSE iliyoorodheshwa)
- Bw de Jager pia amekuwa na uzoefu mkubwa wa kufanya kazi na makampuni madogo ya uchimbaji madini yaliyoorodheshwa kwenye TSX na ASX.

Patrick Rutabanzibwa(66)
Deputy Charmain
(Independent Non-Exceutive)

Msc Chemical Engineering

Tanzanian

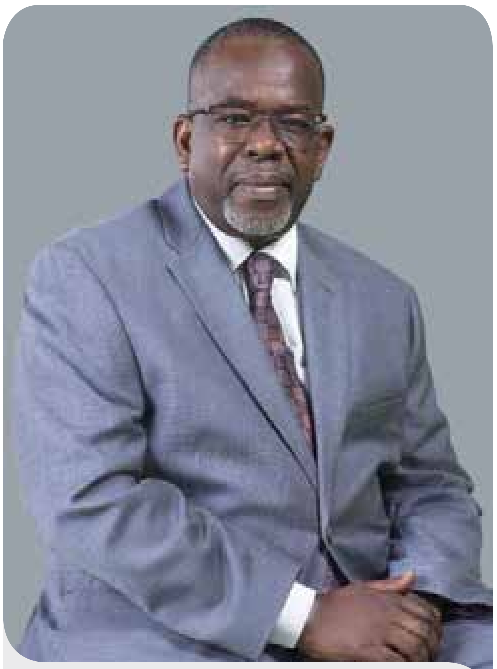
- Patrick is a member of the Board of Directors of General Exploration Company Limited (GEL)
- Mr Rutabanzibwa served as a Principal Secretary of the Ministries of Energy and Minerals; Water; Home Affairs and Lands, Housing and Human Settlement Development

.

Mwenyekiti Msaidizi
(Si-Mtendaji)
Shahada ya uhandisi kemikali
Mtanzania

- Patrick ni mwanachama wa Bodi ya Wakurugenzi wa General Exploration Company Limited (GEL)
- Bw. Rutabanzibwa aliwahi kuwa Katibu Mkuu wa Wizara ya Nishati na Madini; Maji; Mambo ya Ndani na Ardhi, Nyumba na Maendeleo ya Makazi

Maelezo mafupi kuhusu Wakurugenzi | Directors' Profiles



Khamis Omar (57)
(Independent Non-Executive)
Msc (Development Studies), PGD (Business Administration); Advanced Diploma (Tax Management)
Tanzanian

- He is a distinguished public servant having served various senior positions in the government
- He is experienced in corporate governance after serving in various boards, in both the public and private sectors
- He is currently a non-executive board member of Tanga Cement PLC

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

- Ni mtumishi mashuhuri wa umma aliyetumikia nyadhifa mbalimbali za juu serikalini
- Ana uzoefu katika usimamizi wa shirika baada ya kuhudumu katika bodi mbalimbali, katika sekta ya umma na binafsi
- Kwa sasa yeye si mjumbe wa bodi asiye mtendaji wa Tanga Cement PLC

Rob Wessels (47)
(Non-Executive)
B.Com, LLB ; CFA Charterholder
South African

- Mr Wessels is currently the Hold Separate Manager for Tanga, appointed by AfriSam Mauritius
- Mr Wessels was the Acting Chief Executive Officer of AfriSam for over 3 years
- Previously he was the Head of Advisory as well as the Head of Corporate Finance at Nedbank Capital
- He previously served as a Non-Executive Director on Afrisam's Board for a number of years.

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

- Bw Wessels kwa sasa ni Hold Separate Manager wa Tanga, aliyeteuliwa na AfriSam Mauritius
- Bw Wessels alikuwa Kaimu Afisa Mkuu Mtendaji wa AfriSam kwa zaidi ya miaka 3
- Hapo awali alikuwa Mkuu wa Ushauri na pia Mkuu wa Fedha za Biashara katika Nedbank Capital
- Alikuwa pia Mjumbe Asiyekuwa Mtendaji Mkuu wa Bodi ya Wakurugenzi ya AfriSam kwa miaka mingi pia.

Maelezo mafupi kuhusu Wakurugenzi | Directors' Profiles

Raymond Mbilinyi (57)
(Independent Non-Executive)
BSc in Engineering; MBA in Marketing,
Certified Project Manager
Tanzanian

- Mr Mbilinyi is the Former Executive Secretary of Tanzania National Business Council (TNBC)
- He is a Chairman of the Board for Equity Bank Tanzania Limited
- He is a Board member for Swissport Tanzania PLC
- He has over 20 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 Zamani wa Baraza la Taifa la Biashara (TNBC)
- Ni Mwenyekiti wa Bodi ya Benki ya Equity Tanzania Limited
- Ni mjumbe wa Bodi ya Swissport Tanzania PLC
- Ana zaidi ya miaka 20 ya uzoefu wa kitaaluma katika Afrika

Quresh Ganijee (39)
Company Secretary
ICSA
Tanzanian

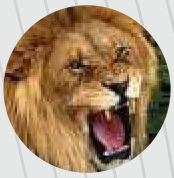
- Mr Ganijee previously served in various positions such as Assistant Company Secretary, Cost Accountant and Payroll Administrator
- He is the registered member of ICSA (Institute of Chartered Secretaries and Administrators)
- He is a registered member of the Institute of Directors South Africa (IODSA)
- He is a registered member of the Institute of Directors in Tanzania (IODT) and was awarded as the best performer for the Certificate in Directorship in 2021 by the IODT.
- Mr Ganijee has more than 15 years' experience in the cement manufacturing sector

Katibu wa Kampuni
ICSA
Mtanzania

- Bw Ganijee hapo awali alihudumu katika nyadhifa mbalimbali kama vile Katibu Msaidizi wa Kampuni, Mhasibu wa Gharama na Msimamizi wa Mishahara.
- Yeye ni mwanachama aliyesajiliwa wa ICSA (Taasisi ya Makatibu Wasimamizi na Wasimamizi)
- Ni mwanachama aliyesajiliwa wa Taasisi ya Wakurugenzi Afrika Kusini (IODSA)
- Ni mwanachama aliyesajiliwa wa Taasisi ya Wakurugenzi nchini Tanzania (IODT) na kutunukiwa kama mtendaji bora wa Cheti cha Ukurugenzi mwaka wa 2021 na IODT.
- Bw Ganijee ana uzoefu wa zaidi ya miaka 15 katika sekta ya utengenezaji wa saruji.

> Cash generated from trading activities decreased by 58% from TZS 48 bn recorded in 2020 to TZS 20 bn in 2021. Net cash flows from operations decreased by 57% from TZS 43 bn recorded in 2020 to TZS 18 bn in 2021.

Advocate Lawrence Masha
Chairman of the Board



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 subsidiary (together, the "group") for the year ended 31 December 2021.

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 2021 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 increased to 4.2% in 2021 from 3.3% in 2020.

Real GDP growth of 4.3% is estimated for 2021 compared to 4.8% achieved in 2020 (as published by National Bureau of Statistics). Whilst increase in GDP was pleasing, the primary drivers for business performance remained the robust infrastructure investment and a strengthening consumer base. Government's actions to support the medium term monetary policy inflation target of 5% also supported demand for our products.

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 2022. 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 meaningful share of the cement demand in the country and remains committed to local production of superior cement products.

Financial and Operational Overview

Group's sales revenue increased by 9%, to TZS 231bn from TZS 213bn achieved in 2020. Congruent to the increase in revenue, the gross profit also increased by 14% to TZS 61.7bn from TZS 54.2bn achieved in the prior year. The gross margin increased to 27% compared to 25% in 2020, despite major plant maintenance projects undertaken in 2021 and numerous electrical power dips and power outages which increased the costs of production.

The Group incurred some once-off restructuring expenses during the year which resulted in a 13% decrease in the operating profit to TZS 15billion in 2021 from TZS 17billion in 2020. These expenses mainly relate to the derecognition of the kiln shell section which was replaced and associated maintenance costs incurred to stabilise the production process. The rationalisation of the quarry mining operations to a more cost-effective outsourced solution also contributed to this once off increase.

EBITDA decreased by 2% to TZS 40.8bn from TZS 41bn achieved in 2020 mainly due to the retrenchment costs and maintenance costs incurred to ensure long term reliability of the plant's operations.

The Group recorded a profit before tax of TZS 3.8billion in 2021 compared to the loss before tax of TZS 0.63billion in 2020. The increase in profit before tax was mainly due to the increase in gross profit and decrease in foreign exchange and fair value losses which mainly relate to the USD denominated term loan for the construction of the Kiln2 expansion project and the interest expense on lease liabilities. The Company entered into a standstill agreement on PIC term loan facilities which contributed to prevention of realised foreign exchange losses. Improved treasury management including but not limited strict control over working capital has also contributed positively to the results.

The Group recorded a net profit after tax of TZS 3.5 bn in 2021 compared to net loss after tax of TZS 2.1 bn in 2020.

Cash generated from trading activities decreased by 58% from TZS 48 bn recorded in 2020 to TZS 20 bn in 2021. Net cash flows from operations decreased by 57% from TZS 43 bn recorded in 2020 to TZS 18 bn in 2021.This decline was attributed to by a 13% decline in the operating profit due to once-off non-recurring expenses as described above, increase in trade and other receivables by TZS 5 bn, increase in inventories by TZS 11 bn, decrease in trade payables and contract liabilities by TZS 4 bn and TZS 1 bn respectively from 2020 to 2021.

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 2022 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

The company did not declare interim or final dividends to shareholders in 2021 and 2020 respectively to remain prudent with available cash resources in order to remain sustainable through the global economic recovery post Covid-19. The board has decided to continue committing available current cash generated to the operational commitments. The Board will evaluate the financial performance throughout the 2022 financial year when considering the final dividend declaration.

Proposed acquisition by Scancem International DA

Shareholders are referred to the announcement regarding the proposed acquisition by Scancem International DA of 68.33% of the shares in Tanga Cement PLC from Afrisam Mauritius Investment Holdings Limited on 27 October 2021.

The required filings have been made with the various regulatory authorities on the acquisition. The parties are awaiting the outcome of the deliberations of the regulators and further announcements will be made to shareholders in due course.

Conclusion

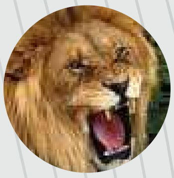
Tanga Cement remains grateful to its staff for their passion and dedication to the company, and to its customers for their belief in the Simba Cement brand, as the company works to achieve its short- and long-term growth strategy.

With Tanzania remaining a significant player in the East African construction market, cement output is anticipated to increase and Tanga Cement 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

> *Fedha taslimu zilizotokana na shughuli za biashara zilipungua kwa asilimia hamsini na nane (58%) kutoka TZS 48bn zilizorekodiwa mwaka 2020 na kufikia TZS 20bn mwaka 2021.*



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 2021.

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 2021 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 ilivyo kauli mbiu 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 wake 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 kimeongezeka na kufikia asilima nne nukta mbili (4.2%) mwaka 2021 kutoka asilimia tatu nukta tatu (3.3%) mwaka 2020.

Makadirio ya ukuaji wa pato ghafi la taifa la asilimia nne nukta tatu (4.3%) kwa mwaka 2021 ikilinganishwa na asilimia nne nukta nane (4.8%) iliyorekodiwa mwaka 2020 (kama ilivyochapishwa na shirika la takwimu la taifa). Japo ongezeko la pato ghafi la taifa linaridhisha, uwekezaji mkubwa kwenye miundombinu na uimarishaji wa msingi wa wateja unabaki kuwa vichocheo vya msingi vya ufanisi wa biashara. Mpango wa Serikali wa kati wa sera za kifedha wenye lengo la asilimia tano (5%) umesaidia kuongeza uhitaji wa bidhaa zetu.

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 wa Serikali ya mwaka 2025 na inategemea miradi itashika kasi mwaka 2022. Kampuni inaimani na hatua zilizochukuliwa na Serikali katika kudhibiti maambukizi ya UVIKO-19 na imedhamiria kufanya kazi pamoja na Serikali kwenye kukuza uchumi.

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 yaliongezeka kwa kiasi cha asilimia tisa (9%) na kuwa TZS 231bn kutoka TZS 213bn iliyopatikana mwaka 2020. Sambamba na ongezeko la mapato, faida ghafi iliongezeka kwa asilima kumi na nne (14%) na kufikia TZS 61.7 bn kutoka TZS 54.2 bn iliyopatikana mwaka 2020. Licha ya miradi mikubwa ya matengenezo ya mitambo yaliyofanyika mwaka 2021 na kukatika kwa umeme mara kwa mara kulikopelekea kuongezeka kwa gharama za uzalishaji, pato la jumla liliongezeka kufikia asilimia ishirini na saba (27%) ikilinganishwa na asilimia ishirini na tano (25%) ya mwaka 2020.

Kampuni (kundi) iliingia gharama za mara moja za marekebisho yaliyosababisha kupungua kwa pato linalotokana na uendeshaji kwa asilimia kumi na tatu (13%) na kufikia TZS bilioni 15 kwa mwaka 2021 kutoka TZS bilioni 17 kwa mwaka 2020. Marekebisho hayo ni Pamoja na kurekebisha kiln na gharama zilizoambatana na marekebisho hayo ili kurudisha uzalishaji katika hali ya kawaida. Gharama za kuachana na operesheni za machimbo/migodi na kuanza kukodi huduma hizo kutoka makampuni nyingine kumechangia kwenye gharama hizo.

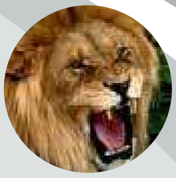
Mapato kabla ya Riba, Kodi, Gawio na Uchakavu (EBITDA) yalipungua kwa asilimia mbili (2%) kufikia TZS 40.8bn kutoka TZS 41bn iliyopatikana mwaka 2020 iliyosababishwa haswa na gharama za kusitisha mikataba ya wafanyakazi na gharama za matengenezo ya mitambo.

Kampuni (kundi) ilirekodi faida kabla ya kodi ya TZS 3.8bn mwaka 2021 ambayo imeongezeka kutoka hasara iliyopatikana kabla ya kodi ya TZS 0.63bn iliyopatikana mwaka 2020. Kuongezeka kwa faida kabla ya kodi ilitokana na kuongezeka kwa faida ghafi na 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 (USD) na riba itokanayo na kukodisha vifaa na mali mbalimbali. Kampuni iliingia kwenye mkataba mpya uitwao 'Standstill agreement' kwenye mkopo wa PIC ambao ulizuia hasara zitokanazo na ubadilishaji wa fedha za kigeni. Matokeo hayo mazuri yamechagizwa na kuboreka kwa usimamizi wa hazina, mikakati ya ununuzi wa fedha za kigeni na viwango vya udhibiti wa mitaji ya kazi.

Kampuni (kundi) ilipata faida baada ya kodi ya TZS 3.5bn mwaka 2021 ambayo imeboreka kutoka hasara baada ya kodi ya TZS 2.1bn iliyopatikana mwaka 2020.

Fedha taslimu zilizotokana na shughuli za biashara zilipungua kwa asilimia hamsini na nane (58%) kutoka TZS 48bn zilizorekodiwa mwaka 2020 na kufikia TZS 20bn mwaka 2021. Mtiririko wa fedha zilizotokana na shughuli za uendeshaji pia ulipungua kwa asilimia hamsini na saba (57%) na kufikia TZS 18bn kutoka TZS 43bn iliyo rekodiwa mwaka uliopita. Mapungufu ya mtiririko wa fedha yamechangiwa na kushuka kwa faida ya uendeshaji kwa asilimia kumi na tatu (13%) kutokana na gharama za mara moja kama zilivyoainishwa hapo juu. Kuongezeka kwa wadaiwa kwa TZS 5bn, kuongezeka kwa malighafi kwa TZS 11bn, kupungua kwa madeni ya kibiashara na madeni ya kimkataba kwa TZS 4bn na TZS 1bn kwa mwaka 2020 na 2021 mtawalia.

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 matarajio chanya kwa mwaka 2022 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

> *Mapato ya kampuni kutokana na mauzo yaliongezeka kwa kiasi cha asilimia tisa (9%) na kuwa TZS 231bn kutoka TZS 213bn iliyopatikana mwaka 2020.*

Gawio

Kampuni haikutangaza gawio la muda mfupi au la mwisho wa mwaka kwa wanahisa kwa mwaka 2021 na 2020. Maamuzi hayo yamefanyika kwa kusudi la kua makini na rasilimali fedha zilizopo ili kampuni iweze kujikimu na mahitaji mbalimbali katika kipindi hiki cha kujikwamua kiuchumi kutoka kwenye athari zilizosababishwa na UVIKO-19. Bodi imeamua kuendelea kutenga fedha zilizopo kwa ajili ya uendeshaji wa kampuni. Bodi pia itafanya tathmini ya mwenendo wa kifedha katika kipindi chote cha mwaka wa fedha wa 2022 kabla ya kufanya uamuzi wa kutangaza gawio.

Pendekezo la kununuliwa kwa kampuni na Scancem International DA

Wanahisa wanakumbushwa kuhusu tangazo la tarehe 27 Oktoba 2021 la pendekezo la Scancem International DA kununua asilimia 68.33% za hisa za Tanga Cement PLC kutoka kwa Afrisam Mauritius Investment Holdings Limited.

Taratibu zote zinazohusisha mamlaka mbalimbali zimekwisha fanywa. Pande zote mbili zinasubiri maamuzi ya mamlaka hizo. Wanahisa wataendelea kupewa taarifa za mchakato huu kadiri muda unavyoendea.

Hitimisho

Katika kufanyia kazi malengo yake ya muda mfupi na mrefu, kampuni inaendelea kuwashukuru wafanyakazi wake kwa mapenzi yao na kujitoa walikokuonesha katika kipindi hiki licha ya kuwepo kwa changamoto, na pia kwa wateja wake kutokana na uaminifu wao kwa chapa yetu ya Simba Simenti.

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

Quality products from Tanga Cement PLC

Reinhardt Swart
Managing Director

> *Group's sales revenue increased by 9%, to TZS 231bn from TZS 213bn achieved in 2020.*

Managing Director's Report

Tanga Cement Public Limited Company is proud to present its financial results for the 2021 financial year, reflecting a slightly less challenging environment than the comparative prior period in 2020, turning to account management's focused drive in executing a number of strategies against the backdrop of continued competitive market pricing pressure. Our business model and cost controls proved to be robust and delivered positive long-term results, weathering the competitive cement market which has emerged in Tanzania for the past three years.

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

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 increased by 9%, to TZS 231bn from TZS 213bn achieved in 2020. Congruent to the increase in revenue, the gross profit also increased by 14% to TZS 61.7bn from TZS 54.2bn achieved in the prior year, the gross margin increased to 27% compared to 25% in 2020 despite major plant maintenance projects undertaken in 2021 and numerous electrical power dips and power outages which increased the maintenance costs and the overall cost of production

EBITDA decreased by 2% to TZS 40.8bn from TZS 41bn achieved in 2020 mainly due to retrenchment costs and maintenance costs incurred to ensure the long-term reliability of the plant's operations.

Cash generated from trading activities decreased by 58% from TZS 48 bn recorded in 2020 to TZS 20 bn in 2021. Net cash flows from operations decreased by 57% from TZS 43 bn recorded in 2020 to TZS 18 bn in 2021. This decline was attributed to by a 13% decline in the operating profit due to once-off non-recurring expenses as described above, an increase in trade and other receivables by TZS 5 bn, an increase in inventories by TZS 11 bn, regularised trade payables and contract liabilities with a reduction of TZS 4 bn and TZS 1 bn respectively from 2020 to 2021.

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 positive results while retaining our brand equity of superior quality performance cement.

The significant capital investment made in expanding our production capacity, as undertaken in 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 endure in executing the long-term business strategies, production- and supply chain efficiency innovation, product offering and distribution solutions to our customers and contribute to the national infrastructure projects.

We look forward to continued business improvements in 2022 poised on management's current strategic projects and exciting opportunities, while remaining cognisant of macroeconomic and geopolitical developments and continued single-dimensional price-driven competition in the Tanzanian cement market.

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 2022.

Management is confident that the measures the company has implemented as well as the efforts of the Tanzanian Government to stabilise the economy post the impact of the COVID-19 pandemic, will ensure the long-term sustainability of the company and the economy as a whole. 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 ya kundi yaliongezeka kwa asilimia tisa (9%) na kufikia TZS 231 bn kutoka TZS 213 bn iliyopatikana mwaka 2020.*

Ripoti ya Mkurugenzi Mtendaji

Kampuni ya Tanga Cement Public Limited inayo fahari kuwasilisha taarifa zake za hesabu za mwaka 2021, ikionesha changamoto kidogo kwenye mazingira ya uendesheji kulinganisha na kipindi cha mwaka 2020, 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 mitatu 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 kiuendeshaji 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 yaliongezeka kwa asilimia tisa (9%) na kufikia TZS 231 bn kutoka TZS 213 bn iliyopatikana mwaka 2020. Sambamba na ongezeko la mapato, faida ghafi iliongezeka kwa asilima kumi na nne (14%) na kufikia TZS 61.7 bn kutoka TZS 54.2 bn iliyopatikana mwaka 2020. Licha ya miradi mikubwa ya matengenezo ya mitambo yaliyofanyika mwaka 2021 na kukatika kwa umeme mara kwa mara kulikopelekea kuongezeka kwa gharama za uzalishaji, pato la jumla liliongezeka kufikia asilimia ishirini na saba (27%) ukilinganisha na asilimia ishirini na tano (25%) ya mwaka 2020.

Mapato kabla ya Riba, Kodi, Gawio na Uchakavu (EBITDA) yalipungua kwa asilimia mbili (2%) kufikia TZS 40.8bn kutoka TZS 41bn iliyopatikana mwaka 2020 iliyosababishwa haswa na gharama za kusitisha mikataba ya wafanyakazi na gharama za matengenezo ya mitambo.

Fedha taslimu zilizotokana na shughuli za biashara zilipungua kwa asilimia hamsini na nane (58%) kutoka TZS 48bn zilizorekodiwa mwaka 2020 na kufikia TZS 20bn mwaka 2021. Mtiririko wa fedha zilizotokana na shughuli za uendeshaji pia ulipungua kwa asilimia hasini na saba (57%) na kufikia TZS 18bn kutoka TZS 43bn iliyo rekodiwa mwaka uliopita. Mapungufu ya mtiririko wa fedha yamechangiwa na kushuka kwa faida ya uendeshaji kwa asilimia kumi na tatu (13%) kutokana na gharama za mara moja kama zilivoainishwa hapo juu. Kuongezeka kwa wadaiwa kwa TZS 5bn, kuongezeka kwa malighafi kwa TZS 11bn, kupungua kwa madai na madeni ya kimkataba kwa TZS 4bn na TZS 1bn kwa mwaka 2020 na 2021 mtawalia.

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 miundombinu.

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 2022.

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

Our People

Our greatest strength is our people.

Living our Values

Our company values say about who we are and what matters to us. Our values of People, Performance and Planet are the centre of everything we do.

225
Total number of employees

Performance
To be the best in everything we do.

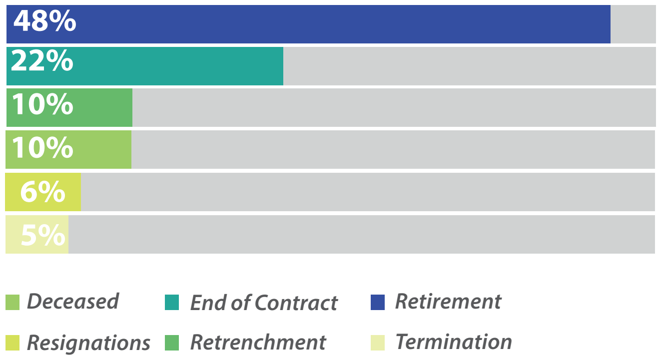
Planet
Responsible approach to the community and environment

Some Highlights for 2021

		2021 vs 2020
Employees' turnover	↓	2%
Female in management	↑	2%
Training hours	↑	19%
Managers appointments by promotion	↑	1.3%

Total staff headcount of 252 was within the approved budget target at year end.

Reasons for Turnover



Our employees' average tenure with the company is now 13 years. This is a very healthy work culture as careers in cement industry require extensive education and experience to grow skills.

Our senior and mid-level leadership teams consist of dedicated and experienced executives.

Work experience in years	30 & above	20-29	10-19
No.	2	2	3

Digital Transformation and Employees Experience

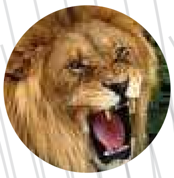
During the year it became clear that the digital transformation had to be fast tracked and integrated into our daily work lives. Employee experiences are driven by perceptions, feelings and opinions.

During the 2021 year, we directed our efforts at re-affirming employee awareness about the various digital human resources processes and maximising the use of these available solutions to create value for the individuals, and the business.

Diversity and Inclusion

We continue to promote gender diversity, particularly in technical roles and the empowerment of local Tanzanians by developing skills and experience of identified high potential local employees.

In 2021, we increased the number of women in STEM (Science, Technology, Engineering and Mathematics) by 33% (2020: Declined by 40%) through apprenticeship and internship programs.



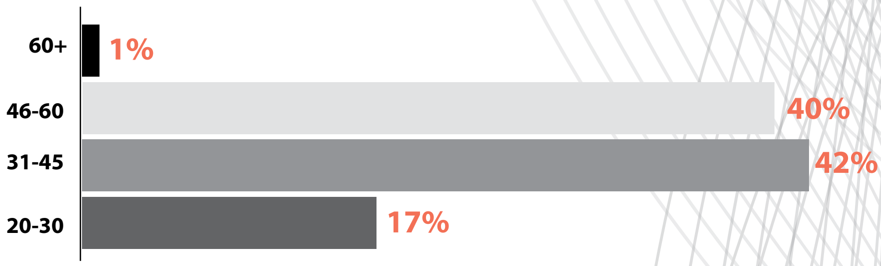
Human Resources

Gender	**2021**		**2020**	
	Female	**Male**	**Female**	**Male**
Senior management	13%	87%	13%	87%
Management	10%	90%	8%	92%
All employees	10%	90%	10%	90%

Locals Engagement	**2021**		**2020**	
	Female	**Male**	**Female**	**Male**
Senior management	57%	43%	57%	43%
Management	10%	90%	10%	90%
All employees	2%	98%	2%	98%

Employees by Age Group

The average age of Tanga Cement employees is 43 years. We continue to maintain an age-diverse productive workforce because each generation possesses its own unique skillsets for Tanga Cement.



Learning and development

The company remains committed to its culture of continuous learning for its employees. In 2021, we continued to leverage online learning because of COVID-19 restrictions.

We saw a 19% increase in training hours in 2021 compared to the previous year where there was a drop in 86% due to COVID-19 restrictions.

Moving to online training has also proved to be more cost efficient, we will therefore continue leveraging this in an increasing digitalised world.

Employee Relations

Management observes a good relationship with the trade union and the employee relations climate has been stable.

The total number of disciplinary cases dropped by 30% in the 2021 year. (2020: Increased by 110%).

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

Employees Wellness

Fighting Covid-19

Through very well coordinated measures, our employees' health was protected, and our plant was made fully safe and aligned with national and global recommendations.

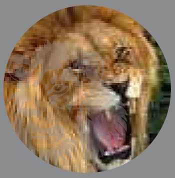
The measures included enhancing access to digital tools for effective communication and collaboration; supporting employees emotionally through our Employee Wellness Programme by providing counselling services to help cope with personal and professional matters; providing the necessary personal protective equipment (PPE); enhancing access to compulsory sanitation at all of our work places; engaging a medical doctor (who is also a public health specialist) for awareness and ensuring access to the company clinic doctor for consultation, specifically on COVID-19 related matters.

Our people demonstrated extraordinary resilience throughout the pandemic. The biggest lesson learnt from the pandemic is that our corporate culture and systems transcend work, workforce, and workplace.

HIV & AIDS

The company clinic remained open for Provider Initiated Testing and Counselling (PITC) to employees and their dependants throughout the year. The clinic medical officer also links positive tested individuals to government facilities for the dispensation of antiretroviral drugs.

In marking the World Aids Day in 2021, there was a special campaign to remind employees that they have the STRENGTH to bring awareness, prevention, change and an end to HIV/AIDS. This campaign was carried out in collaboration with the medical insurance provider



Rasilimali Watu

Watu Wetu

Nguvu yetu kubwa ni watu wetu.

Kuishi Maadili yetu

Maadili ya kampuni yetu yanatutambulisha na kuelezea mambo yaliyo muhimu kwetu. Maadili yetu ya Watu, Utendaji na Sayari ndiyo kitovu cha kila tunachofanya.

225
Jumla ya wafanyakazi

Performance
Tunakuwa bora katika kila tunachofanya.

Sayari
Tunawajibika kwa jamii na mazingira

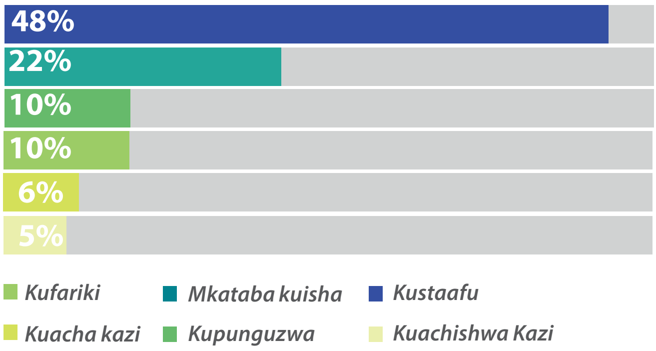
Baadhi ya Mafanikio ya Mwaka 2021

2021 kulinganisha na 2020

Idadi ya wafanyakazi waliondoka kazini	↓	2%
Wanawake katika nafasi za uongozi	↑	2%
Muda wa mafunzo (kwa masaa)	↑	19%
Teuzi za viongozi kwa njia ya kupandishwa vyeo	↑	1.3%

Idadi ya wafanyakazi ilikuwa 252, ambayo ni ndani ya lengo lililoidhinishwa kwa mwaka 2021.

Sababu za kuondoka kazini



Wastani wa kufanya kazi kwenye kampuni yetu ni miaka 13. Hiki ni kiashiria cha utamaduni chanya kwani kazi za kwenye nyanja ya saruji zinahitaji elimu ya kina na uzoefu wa muda mrefu ili kukuza ujuzi.

Uongozi wa kampuni wa ngazi za juu na kati una watendaji makini na wenye uzoefu.

Uzoefu (miaka)	30 na zaidi	20-29	10-19
Na..	2	2	3

Mabadiliko ya Kidijitali na Uzoefu wa Wafanyakazi

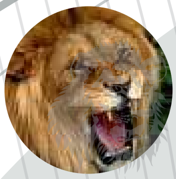
Ilionekana wazi mwaka huu kuwa mabadiliko ya kidijitali yanapaswa kufanyiwa kazi haraka na kuungamanishwa na maisha yetu ya kila siku ya kazi. Uzoefu wa wafanyakazi unaendeshwa na mitazamo, hisia na maoni.

Mwaka 2021, tulielekeza juhudi zetu kwenye kuendelea kutoa elimu kwa wafanyakazi kuhusu michakato mbalimbali ya kidijitali ya rasilimali watu na kuongeza matumizi ya huduma hizi ili kuleta thamani kwa mtu mmoja mmoja, na biashara yetu

Utofauti na Ujumuishi

Tunaendelea kufanyia kazi tofauti za kijinsia, hasa kwenye majukumu ya kihandisi na kiufundi pamoja na uwezeshaji wazawa kwa kuendeleza ujuzi na uzoefu wao.

Mwaka 2021, tuliongeza idadi ya wanawake katika nyanja ya Sayansi, Teknolojia, Uhandisi na Hisabati kwa 33% (2020: Ilipungua kwa 40%) kupitia programu za uanagenzi na utarajali.



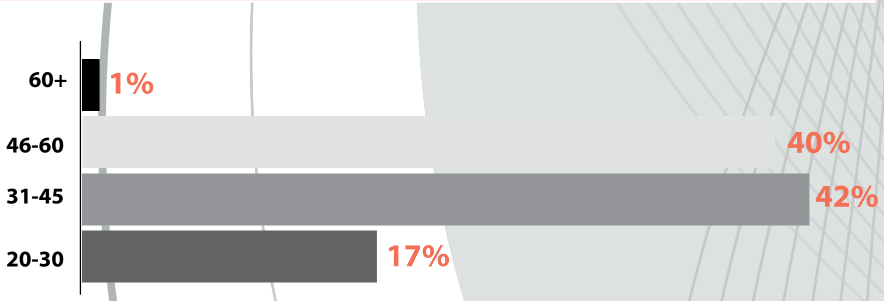
Rasilimali Watu

Jinsia	2021		2020	
	Ke	Me	Ke	Me
Uongozi wa juu	13%	87%	13%	87%
Uongozi wote	10%	90%	8%	92%
Wafanyakazi wote	10%	90%	10%	90%

Ajira kwa Wazawa	2021		2020	
	Ke	Me	Ke	Me
Uongozi wa juu	57%	43%	57%	43%
Uongozi wote	10%	90%	10%	90%
Wafanyakazi wote	2%	98%	2%	98%

Umri wa Wafanyakazi

Umri wa wastani wa wafanyakazi wa Tanga Cement ni miaka 43. Tunaendelea kudumisha nguvu kazi yenye umri tofauti na tija kwa kuwa kila kizazi kina ujuzi wa kipekee kwa faida ya Tanga Cement.



Mafunzo na maendeleo kazini

Kampuni inaendeleza utamaduni wake wa mafunzo endelevu kwa wafanyakazi wake. Mwaka 2021, tuliendelea kuboresha mafunzo kwa njia ya mtandao kwa sababu ya vikwazo vilivyoletwa na janga la COVID-19.

Tuliona ongezeko la 19% kwenye muda wa mafunzo kwa mwaka 2021 ikilinganishwa na mwaka uliopita ambapo kulikuwa na kushuka kwa 86% kwa sababu ya vikwazo vya COVID-19.

Kuelekeza jitihada kwenye mafunzo kwa njia ya mtandao pia kumeonyesha unafuu mkubwa wa gharama, hivyo tutaendelea kutumia njia hii kulingana na kasi ya kidijitali ulimwenguni kote.

Mahusiano Kazini

Uongozi unaendelea kudumisha uhusiano mzuri na chama cha wafanyakazi na hali ya mahusiano na wafanyakazi imekuwa shwari.

Jumla ya kesi za kinidhamu ilishuka kwa 30% kwa mwaka 2021. (2020: Iliongezeka kwa 110%).

Ustawi wa Wafanyakazi

Kupambana na Covid-19

Kupitia hatua zilizoratibiwa vyema, afya za wafanyakazi wetu zililindwa, na kiwanda chetu kilikuwa salama kabisa kulingana na mapendekezo na vigezo vya kitaifa na kimataifa.

Hatua hizo zilijumuisha kuimarisha njia za kidijitali kwa ajili ya mawasiliano na ushirikiano; kutoa msaada wa ushauri nasaha bure kwa wafanyakazi kupitia Mpango wa Ustawi wa Wafanyakazi kwa ili kuweza kukabiliana na masuala ya kibinafsi na ya kikazi; kutoa vifaa muhimu vya kinga (PPE); kuimarisha usafishaji mikono kwenye maeneo yote ya kuingilia kiwandani; ushirikiano na daktari (ambaye ni mtaalamu wa afya ya umma) kwa ajili ya uhamasishaji na pia kuhakikisha daktari wa kliniki anapatikana muda wote kwa ajili ya ushauri hasa kuhusu masuala yanayohusiana na COVID-19.
Watu wetu walionyesha ustahimilivu wakati wote wa janga hili. Somo kubwa kutokana na janga hili ni kuwa tamaduni na mifumo yetu inaenda mbele zaidi ya kazi, nguvu kazi na mahali pa kazi.

VVU na UKIMWI

Kliniki ya kampuni imekuwa wazi kwa ajili ya upimaji na ushauri kwa hiari kwa wafanyakazi na wategemezi wao kwa mwaka mzima. Msimamizi wa kliniki yetu pia huwaunganisha waadhirika na vituo vya serikali ili kupata dawa za kupunguza makali ya VVU.

Katika kuadhimisha siku ya Ukimwi Duniani mwaka 2021, kulikuwa na kampeni maalum ya kuwakumbusha wafanyakazi kuwa wana NGUVU ya kuleta uelewa, kuzuia, kubadilika na kutokomeza VVU/UKIMWI. Kampeni hii ilifanywa kwa ushirikiano na mtoa huduma ya bima ya afya.

Safety and Environment

SafetySA

Life is precious

NOSCAR

SafetySA

NOSA

NOSA

INTERNATIONAL

This certificate is awarded to

Tanga Cement PLC

NOSCAR Award, International Winner & NOSA 2021 Grading Audit Certificates Respectively

Safety

Safety remained a high priority in Tanga Cement PLC for 2021. Our safety performance was outstanding throughout 2021 as we recorded 1,621,872 LTI-free hours against the target of 2,000,000 hours. Total Recordable Injury Frequency Rate (TRIFR) for the 12 months rolling was 0.48 against a target of 3.0, and the 12 months rolling Lost Time Injury Frequency Rate (LTIFR) was 0.48 against a target of 1.38 for the year.

In 2021, the Company received the prestigious NOSCAR Award and International Winner Certificate from NOSA for exceptional performance in Managing Hazards and Risks in the workplace following the NOSA Audit which was conducted in December 2020. The annual NOSA Audit for 2021 was conducted on 14th – 17th December 2021, the Company maintained its 5 star rating and its NOSCAR Award.

The company continued to provide safety awareness training to employees, contractors, visitors, and other stakeholders via safety inductions and weekly safety topic discussions. Awareness was aimed at getting all safety stakeholders on board for acquiring appropriate knowledge and taking ownership of safety.

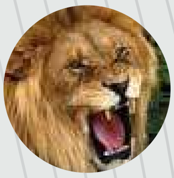
Environment

The company's environmental management performance was good during 2021. The ISO 14001:2015 Surveillance Audit was conducted in March 2021 by SGS Tanzania. The audit was successful with a recommendation to continue with our practices which supports the certification achieved. An annual Environmental Audit was conducted on the Tanga production plant and at the Holili Quarry by Safe Work Environment Consultants (SWE) as part of the legal requirement.

As part of our progressive environmental conservation program, in 2021 Tanga Cement Plc managed to plant 10,000 teak trees in its nursery. These teak trees will be re-planted in one of our community areas identified in 2022 during the rainy season.

Our Environmental Management System has continuously assured the protection of the environment. We have always been proactive towards environmental impact consequences from our operations, with only dust emissions recorded above the TBS limit of 50mg/Nm^3 in 2021.

Trees Nursery at Tanga Cement Plc



Usalama na Mazingira

Usalama

Usalama umeendelea kuwa kipaumbele chetu kikubwa ndani ya Tanga Cement Plc, utendaji wetu ulikuwa wa kipekee sana katika kipindi chote cha mwaka 2021. Kampuni ilifanikiwa kufikisha masaa 1,621,872 bila ya kuwa na ajali iliyo poteza muda wa kazi (LTI) hadi mwishoni mwa mwaka, huku malengo yakiwa masaa 2,000,000. Kipimo cha ajali cha jumla (TRIFR) kwa miezi 12 kilikuwa 0.48 ukilinganisha na lengo la 3.0. Kipimo cha ajali zilizopoteza muda (LTIFR) kwa miezi 12 kilikuwa 0.48 ukilinganisha na lengo la 1.38 kwa mwaka.

Kampuni ilipokea tunzo ya utendaji bora ya NOSCAR na cheti cha mshindi wa kwanza kimataifa kutoka NOSA kwa utendaji mzuri katika kuzuia hatari kazini kufuatia ukaguzi wa NOSA uliofanyika mwezi Disemba 2020. Ukaguzi wa NOSA kwa mwaka 2021 ulifanyika tarehe 14 – 17 Disemba, Kampuni ilipata nyota 5 na kupendekezwa kuendelea na tunzo ya NOSCAR.

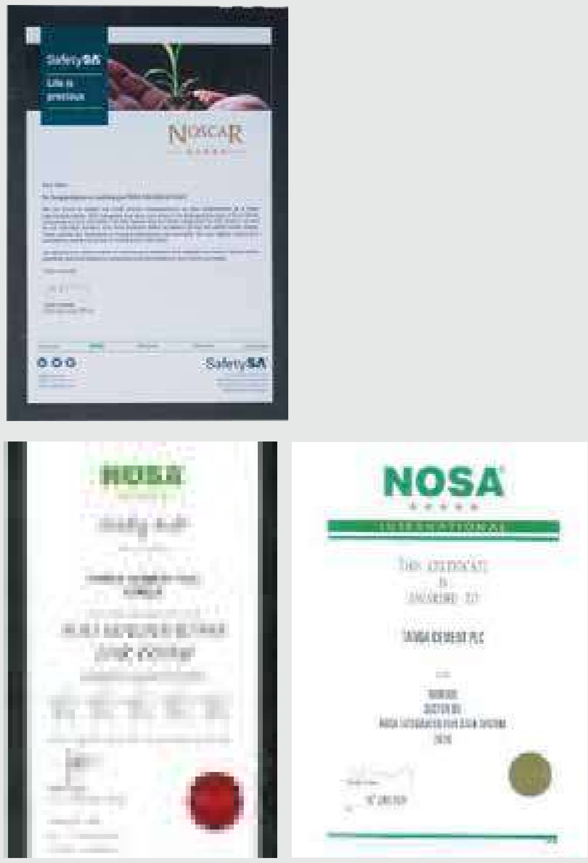
Kampuni imeendelea kutoa mafunzo ya usalama kwa wafanyakazi, wakandarasi, wageni na wadau wengine kupitia mafunzo ya awali ya usalama na mada za wiki za usalama. Lengo kuu la mafunzo haya ni kuwapatia wadau wote uelewa sahihi wa masuala ya usalama ili kuwafanya wawajibike na kuwa sehemu ya utekelezaji wa usalama kazini.

Mazingira

Upande wa mazingira, utendaji wa kampuni yetu ulikuwa mzuri katika kipindi chote cha mwaka 2021. Ukaguzi wa mfumo wetu wa mazingira ISO 14001:2015 ulifanywa mwezi Machi 2021 na kampuni ya SGS Tanzania, ukaguzi ulikuwa wa mafanikio makubwa, wakaguzi walipendekeza kampuni kuendelea kumiliki cheti cha mazingira. Ikiwa ni seheme ya utekelezaji wa sheria ya mazingira, kampuni ilifanya ukaguzi wa mazingira wa mwaka 2021 katika eneo la kiwanda Tanga na Holili Kilimanjaro. Ukaguzi ulifanywa na kampuni ya Safe Work Environment.

Ikiwa ni sehemu ya uendelezaji mkakati wa utunzaji wa mazingira, mwaka 2021 Tanga Cement Plc imefanikiwa kupanda miche ya mitiki 10,000 katika kitalu chake. Miche hii ya mitiki itapandwa katika moja ya maeneo yetu katika kipndi cha mvua mwaka 2022.

Mfumo wetu wa utunzaji wa mazingira umeendelea kuwa wa uhakika katika kuyalinda mazingira. Wakati wote tumekuwa tukizitambua mapema changamoto za mazingira zitokanazo na shughuli zetu, changamoto pekee kimazingira ilikuwa ni kiwango cha vumbi kuwa juu Zaidi ya kiwango cha TBS cha mwisho 50mg/Nm3.



Vyeti vya NOSA vya tunzo ya NOSCAR, mshindi kimataifa na nyota 5 kwa mwaka 2021

Kitalu cha miti Tanga Cement Plc

Occupational Health And Safety Policy (OHS)

My Safety Is Our Safety

Policy

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

Objectives

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

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

SIMBA CEMENT

Quality

SIMBA CEMENT PRODUCTS

Simba's high quality cement products have made a significant contribution to various infrastructural developments in East African countries for four decades.

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

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

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

PRODUCTS

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

We manufacture the following cement products which are uniquely developed for different applications:

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

CEM II/A-L, 42.5 N is Portland Limestone cement using a limestone extension. It is a high strength class cement specially designed for the following construction applications:

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

Features and Benefits

- This versatile cement is cost-effective because of its workability, strength and durability.
- It saves time because of its high strength capability.
- 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. It is an ordinary strength and an all-purpose class cement which can be used in the following construction applications:

- Structural and non-structural cast, foundations, columns, beams, walls, girdles, paving slabs, kerbs, interlocking pavement slabs, bricks etc.
- Elements made of normal and reinforced concrete in environments with low and moderate aggressiveness.
- Elements made of reinforced concrete, in environments with low carbon aggressiveness and sulphate activity.
- Reservoirs.
- Mortar for filling 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 aggressive conditions.
- It is perfect for reducing the heat of hydration in mass concrete pouring applications.
- It improves concrete's resistance to chemical attacks.
- It makes concrete highly resistant to an alkali-aggregate reaction and is suitable for reducing the permeability of concrete in water retaining structures.
- It offers high workability which makes it easy to work with.
- It produces consistently good results

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

CEM II/B-M, 32.5 N is a Portland composite cement for use specifically in road 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, making it ideal for road construction.

Features and Benefits

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

Ubora

Bidhaa za Simenti chapa simba
Ubora wa hali ya juu wa Saruji ya Simba umechangia kwa kiasi kikubwa kwenye maendelelo ya miundo mbinu mbali mbali Afrika mashiriki kwa Zaidi ya miongo minne.

Saruji ya Chapa samba inatumika kwenye ujenzi wa nyumba, shule, barabara, madaraja, mabwawa, na matumizi mbalimbali ya ujenzi katika jamii.

Bidhaa za saruji za Simba zinatengenezwa kupitia mchakato ambao umebuniwa kwa uangalifu na kudhibitiwa na timu ya wataalamu wabobezi. Utendaji kazi wa bidhaa zetu za saruji huangaliwa kila wakati kudumisha viwango vya hali ya juu zaidi, uthabiti na nguvu.

Hii inafanikiwa kupitia kukagua kila wakati na kuboresha michakato yetu ya uzalishaji ili kuhakikisha ufanisi bora na athari ya chini kabisa kwa ubora wa bidhaa na mazingira.

BIDHAA
Bidhaa za saruji za Simba zinatengenezwa kulingana na kiwango cha saruji cha Tanzania (Tanzania Cement Standard), TZS 727-1 ambayo ni sawa na Kiwango cha Ulaya Norm (European Norm Standard), EN 197-1 na Kiwango cha Afrika Mashariki, EAS 18-1.

Tunatengeneza bidhaa zifuatazo za saruji ambazo zimetengenezwa kipekee kwa matumizi tofauti:

SIMBA BORA [CEM II/A-L, 42.5N]
CEM II / A-L, 42.5N ni saruji ya chokaa ya Portland na ugani wa chokaa. Ni saruji ya daraja kubwa iliyobuniwa mahsusi kwa matumizi ambapo nguvu kubwa ya saruji inahitaji, na inaweza kutumika kwa ujenzi kama:

- Miundo, miundo na miundo isiyo ya kimuundo
- Zege iliyoimarishwa na nondo inayotumika kwenye ujenzi wa misingi, nguzo, mihimili, slabs, mikanda, kuta nk.
- Vipengee vya precast vilivyotengenezwa kwa saruji ya kawaida na iliyoimarishwa- Zege inayotumika kwa ukarabati wa ujenzi na za viwandani, kujaza, mipako n.k ya vitu vilivyoimarishwa na visivyoimarishwa.
- Vipande maalum vya sakafu na chokaa
- Shughuli za uchimbaji madini

Tabia na Faida
- Saruji hii ni ya gharama nafuu kwa sababu ya utendaji wake, nguvu yake na uimara wake.
- Inakuokoa na wakati kwa sababu ya uwezo wake mkubwa wa nguvu.
- Nguvu ya saruji hii inafanya kuwa bora kwa matumizi mengi maalumu.

SIMBA IMARA (CEM 11/B-M, 32.5R)
CEM II / B-M, 32.5 R ni saruji ya Portland. Ni saruji yenye nguvu ya kawaida na saruji ya matumizi yote na inaweza kutumika kwa ujenzi kama:

- Watupaji wa kimuundo na wasio wa kimuundo, misingi, nguzo, mihimili, kuta, mikanda, slabs za kutengeneza, curbs, slabs za lami zilizounganishwa, matofali n.k.
- Vipengele vilivyotengenezwa kwa saruji ya kawaida na iliyoimarishwa katika mazingira yote
- Vipengele vilivyotengenezwa kwa saruji iliyoimarishwa, katika mazingira yenye kaboni kidogo na ya sulphate
- Mabwawa
- Zege la kujaza viungo kati ya vitu vya precast
- Chokaa kwa sakafu maalum nk.

Tabia na Faida
- Saruji hii inatoa vihakikisho vya utendaji wa hali ya juu na tendaji vilivyo na sifa bora za saruji
- Inaruhusu kumaliza laini, isiyo na kasoro kwa kazi ya saruji, uashi na plasta
- Inadumisha nguvu na utulivu kwa miaka
- Inaunda saruji ya kudumu na inafaa kwa hali ya fujo
- Ni kamili kwa kupunguza joto la unyevu kwenye saruji ya wingi
- Inaboresha upinzani halisi wa shambulio la kemikali
- Inafanya saruji kupingana sana na athari ya jumla ya alkali na inafaa kwa kupunguza upenyezaji wa saruji katika miundo ya kubakiza maji.
- Inatoa uwekaji kazi wa hali ya juu ambayo inafanya iwe rahisi kufanya kazi nayo
- Hutoa matokeo mazuri mara kwa mara

SIMBA BARABARA [CEM II/B-M, 32.5 N]
CEM II / B-M, 32.5 N ni saruji ya Portland ya kutumiwa haswa katika utulivu wa barabara, iliyoundwa maalum ili kuboresha tabia za kihandisi za mchanga.

Imeandaliwa na kujaribiwa ili kufikia utendaji mzuri katika anuwai ya aina ya nyenzo za barabarani.

Inatoa nguvu thabiti na uimara kwa besi ndogo za barabara, na kuifanya iwe bora kwa ujenzi wa barabara.

Tabia na Faida
- Inaboresha tabia za kihandisi za mchanga kwa kupunguza plastiki na kuongeza nguvu ya vifaa vya msingi barabarani.
- Inahakikisha uimara, utulivu na nguvu.
- Inapata utulivu mzuri katika anuwai ya vifaa vya barabara.
- Kwasababu inachukua muda mrefu kugundisha, inaifanya iwe bora kwa kuimarisha barabara kwani inatoa muda wa kutosha wa kuchanganya zege na kuweka viambatanishi vingine kabla ya kuganda.

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:

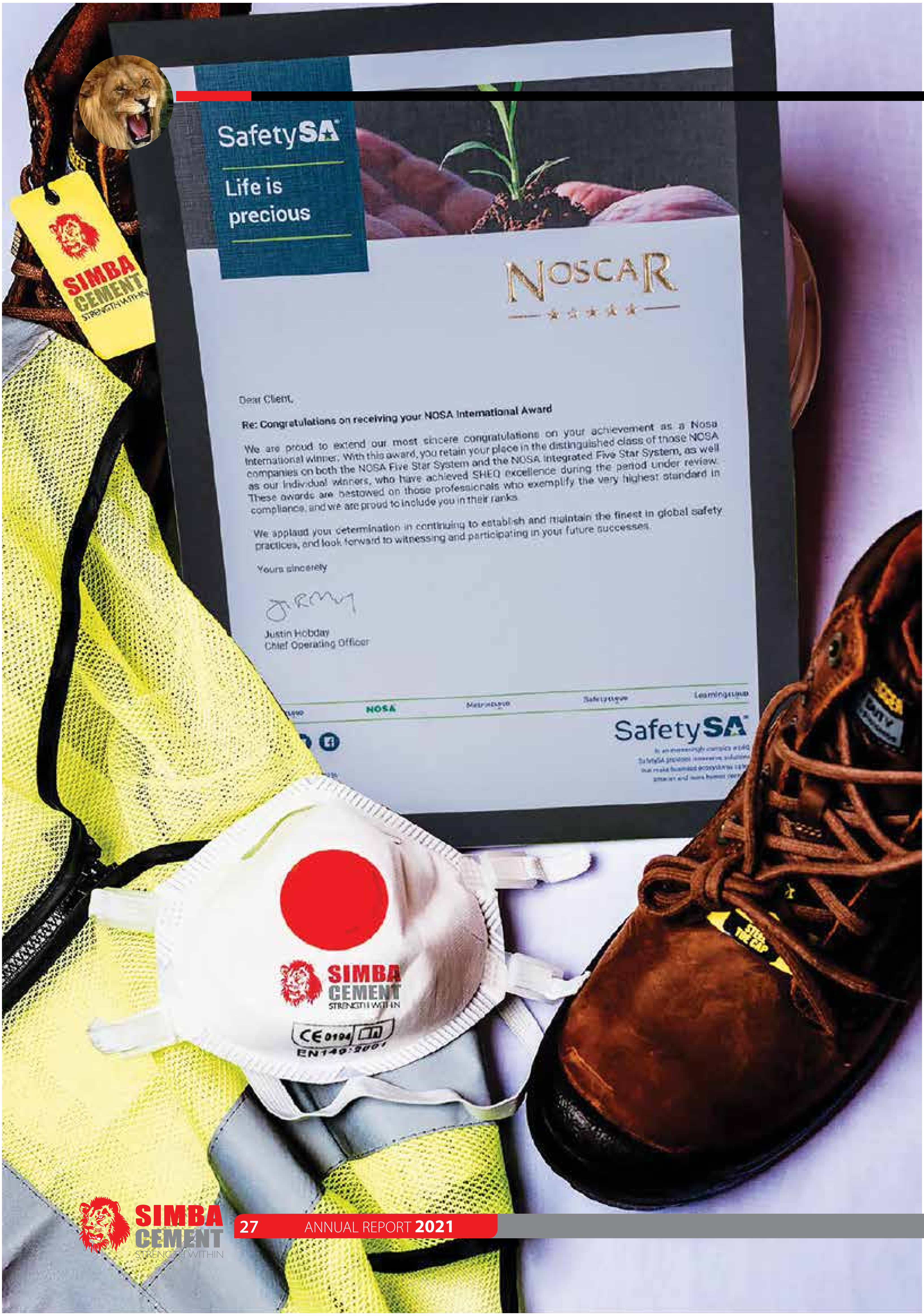
Objectives

- 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

SIMBA CEMENT



SafetySA

Life is precious

NOSCAR

★★★★★

Dear Client,

Re: Congratulations on receiving your NOSA International Award

We are proud to extend our most sincere congratulations on your achievement as a Nosa International winner. With this award, you retain your place in the distinguished class of those NOSA companies on both the NOSA Five Star System and the NOSA Integrated Five Star System, as well as our individual winners, who have achieved SHEQ excellence during the period under review. These awards are bestowed on those professionals who exemplify the very highest standard in compliance, and we are proud to include you in their ranks.

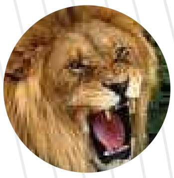
We applaud your determination in continuing to establish and maintain the finest in global safety practices, and look forward to witnessing and participating in your future successes.

Yours sincerely

Justin Hobday
Chief Operating Officer

NOSA

SafetySA



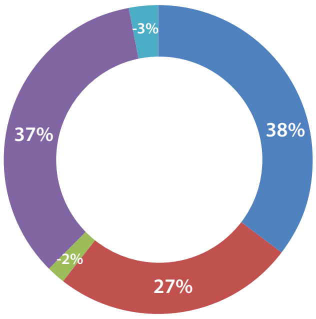
Value Added Statement

FOR THE YEAR ENDED 31 DECEMBER 2021

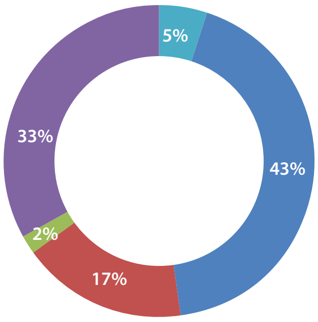
	2020 TZS'000	%	2021 TZS'000	%
Sales	212,512,260		230,781,686	
Bought in materials and services	(146,731,231)		(166,722,836)	
Income from other investments & financial income	436,167		209,010	
Value added	**66,217,196**	**31.2%**	**64,267,860**	**28%**
Distribution of value added	**66,217,196**	**100.0%**	**64,267,860**	**100%**
Employeees, management and directors	**25,148,336**	**38.0%**	**27,322,856**	**42.5%**
To providers of capital	**17,895,343**	**27.0%**	**11,192,548**	**17.4%**
- Financial expenses	17,895,343		11,192,548	
- Dividends	-		-	
To pay the government	**1,103,680**	**1.7%**	**1,180,508**	**1.8%**
- Corporate taxation	1,103,680		1,180,508	
To provide for maintenance and expansion of assets	**24,214,893**	**36.6%**	**21,038,498**	**32.7%**
- Depreciation	24,214,893		21,038,498	
To expand of the Group	**(2,145,056)**	**-3.3%**	**3,533,451**	**5.6%**
- Retained profits/ (Loss)	(2,145,056)	100.0%	3,533,451	100%

	Dec-20	Dec-21
Employeees, management and directors	38%	43%
To providers of capital	27%	17%
To pay the government	2%	2%
To provide for maintenance and expansion of assets	36%	33%
To expand of the Group	-3%	5%

Dec 20



Dec 21



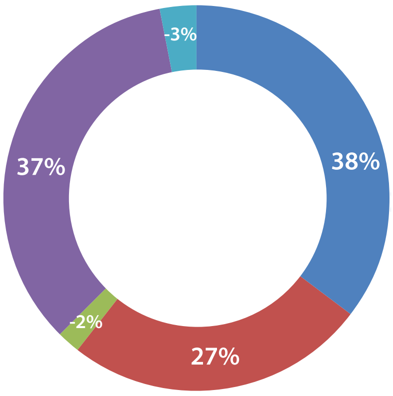
Waraka wa Ongezeko la Thamani

KAMA ILIVYOKUWA 31 DESEMBER 2021

	2020 TSH'000	%	2021 TSH'000	%
Mauzo	212,512,260		230,781,686	
Bidhaa na huduma zilizonunuliwa	(146,731,231)		(166,722,836)	
Mapato mengineyo	436,167		209,010	
Ongezeko la thamani	**66,217,196**	**31.2%**	**64,267,860**	**28%**
Mgawanyo wa ongezeko la thamani	**66,217,196**	**100.0%**	**64,267,860**	**100%**
Wafanyakazi, menejimenti na wakurugenzi	**25,148,336**	**38.0%**	**27,322,856**	**42.5%**
Kwa watoaji wa mtaji na mikopo	**17,895,343**	**27.0%**	**11,192,548**	**17.4%**
- Gharama za fedha	17,895,343		11,192,548	
- Gawio	-		-	
Kwa serikali	**1,103,680**	**1.7%**	**1,180,508**	**1.8%**
- Corporate taxation	1,103,680		1,180,508	
Kwa ugharimiaji uongezaji wa rasilimali	**24,214,893**	**36.6%**	**21,038,498**	**32.7%**
- Uchakavu	24,214,893		21,038,498	
Kwa upanuaji wa kampuni na kundi	**(2,145,056)**	**-3.3%**	**3,533,451**	**5.6%**
- Hasara iliyobakishwa	(2,145,056)	100.0%	3,533,451	100%

	Dec-20	Dec-21
Wafanyakazi, Wasimamizi na Wakurugenzi	38%	43%
Kwa watoaji wa mtaji na mikopo	27%	17%
Kwa serikali	2%	2%
Kwa ugharimiaji uongezaji wa rasilimali	36%	33%
Kwa upanuaji wa kundi	-3%	5%

Dis 20



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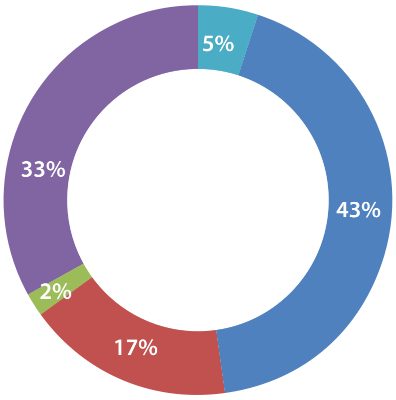

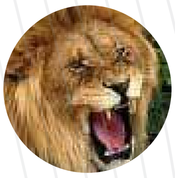

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General Information

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

LEGAL ADVISORS

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

Clyde & Co,
11th Floor, Golden Jubilee Towers, Ohio Street
P.O. Box 80512
Dar es Salaam, Tanzania

TAX ADVISORS

PricewaterhouseCoopers
Plot 369 Toured Drive, Oyster Bay
P. O. Box 45
Dar es Salaam, Tanzania

AUDITOR

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

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

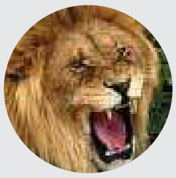
Citibank Tanzania Limited
P.O. Box 71625
Dar es Salaam, Tanzania

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

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

NMB Bank Plc
P. O. Box 9213
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



THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2021

Those charged with governance present their report and the audited consolidated and separate financial statements for the financial year ended 31 December 2021 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"].

Those charged with governance prepared the report in compliance with TFRS 1 issued by National Board of Accountants and Auditors (NBAA) and became effective on 1 January 2021.

1. INCORPORATION

The Company is incorporated in Tanzania under the Companies Act, 2002 of Tanzania as a public company limited by shares and is domiciled in Tanzania.
The incorporation of the company was done on 10 November 1973 as Tanga Cement Company Limited before the name changed to Tanga Cement Public Limited Company when it was listed under Dar es Salaam Stock Exchange as detailed under item 15 of this report.

The addresses of the registered office and principal place of business are set out on page 1.

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. GROUP'S OPERATIONS

Principal activits

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

The cement and clinker production plants are in Tanga while the activities of distribution and sale of cement and clinker are done throughout Eas African market.

Size of the manufacturing plant

The group has a limestone mine, two limestone crushing plants which feed two raw mills into two clinker production plants and two cement mills.

Description of the market

The Group sells its clinker and cement products both locally in the United Republic of Tanzania and exports to foreign markets in Rwanda, Burundi, DR Congo, Kenya, and Uganda.

The Group supplies cement to domestic brick makers and homebuilders, private large construction projects as well as to large government infrastructure projects in Tanzania.

Impact of the Group's operation on the environment

Being an integrated cement manufacturing operation, the Group has a direct impact on the environment from (i) its mining activities of limestone and gypsum which are critical components in the manufacturing of clinker and cement, as well as the (ii) operation of the manufacturing plant and machinery which are used for the production process.

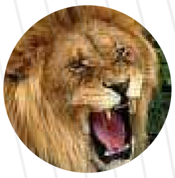
Therefore, the Group is very cognisant in taking care of the environment by adhering to all environmental regulations and standards and with the intention of building a sustainable work environment. Details on environmental, social and governance matters, and actions taken by the Group are further detailed under item 36 of this report.

Employees

The Group's operations and performance are impacted by the individuals employed to run the day to day operations. Their contributions are directly linked to the long-term success and performance of the Group. The Group recognises the contribution of employees to its operations and performance. The Group has has various initiatives to improve employees' performance and productivity through continuous professional development. The Group also encourages a friendly work culture, foster a trust relationship with employees at every level and provide a platform for employees to express their views and share their ideas to enhance the culture of innovation in the Group's operations.

The Group promotes a work-life balanced culture and good customer care service with all employees for both our internal and external customers.

Details on the employee's welfare are detailed under item 32 of this report.



THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2021 - *(Continued)*

Social community issues

The Group acknowledges multiple stakeholders in the running of our operations and therefore recognises the importance of social community issues with its stakeholders who are affected by the success of our operations. In recognising the importance of the social community issues, the Group has a Corporate Social Investment policy that aligns with the requirement of the Mining Act 2010 when it comes to social community issues for the companies that perform mining activities like Tanga Cement. The Group implements its corporate social projects in collaboration with the local communities in the regions where we operate and sell our products for the benefit of our stakeholders.

Details on the Group's Social Investment are further highlighted under item 38 of this report.

Governance

The Group employs very strong principles of corporate governance which outline how the group is governed and the ways in which operations are managed to foster optimal performance in an ethical and sustainable manner.

The details of our corporate governance framework and principles, including but not limited to the right mix of skills and experience of our board of directors to enhance the Group's performance, are detailed in the risk management framework and controls under section 8 of this report.

Governance structure

In the Group, those charged with governance are person(s) with the responsibility of overseeing the strategic direction of the entity and obligations related to the accountability of the entity. This includes overseeing the financial reporting process.

The corporate governance structure of the Company and its Subsidiary (Group) is the ultimate responsibility of the board of directors whose roles and responsibilities are outlined under section 8. To ensure a high standard of corporate governance throughout the Group as well as to facilitate efficient decision making, the board formed 2 (two) standing committees namely: the Audit, Risk and Compliance Committee, and the Remuneration and Nomination Committee.

Management of the company has the responsibility of ensuring the day-to-day operations of the Group are conducted in conformance with the Group's principles of corporate governance aimed at achieving the Group's strategic goals and objectives.

The Group's operating model

The Group's operating model is aimed at sustainable operations and financial performance while remaining cognisant of the needs of our customers in the market and the various stakeholders affected or affecting our operations. The operating model is designed such that the Group remains relevant in the market by adopting technological and other global industry innovations that positively impact our operations.

The Group's operating model aims at fostering innovation and responding to customers' ever-changing needs. Details of the Group's Operating Model is under section 17 this report.

Gender parity

The success of the company's operations is contributed to by individuals employed by the company on an indiscriminatory basis related to gender. The Group has a strong commitment to gender diversity and the fundamental principle of respect to all genders. Individuals are employed based on merit at all levels in the organisation.

Details on the Group's gender diversity can be found in item 34 of this report.

Contractual arrangements

The company has various contractual arrangements which are mainly categorised as follows:

i. Loan agreement between Tanga Cement Plc and South African Government Employee Pension Fund (GEPF) through its agent the Public Investment Corporation (PIC) for the construction of the new Kiln 2 production line as detailed in note 30(a) of the consolidated and separate financial statements.

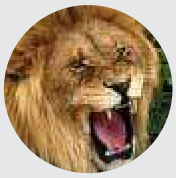
ii. Overdraft facilities with local banks for financing the working capital of the Group as detailed in note 30(b) of the consolidated and separate financial statements.

iii. Interest rate cap on the term loans from the GEPF with Standard Chartered Bank to mitigate the volatility of an increase in the interest rate on the borrowing facilities. Details are in note 21 to the consolidated and separate financial statements.

iv. Contracts with suppliers of goods and services to the company. Details are in note 31 of the consolidated and separate financial statements.

v. Contracts with customers. Details are in notes 5 and 32 to the consolidated and separate financial statements.

vi. Employment contracts with employees



THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2021 - *(Continued)*

5. GROUP'S OPERATING ENVIRONMENT

The improving performance of the Tanzanian economy has fuelled the growth in cement demand and the outlook remain favourable given the linear relationship between economic growth and cement consumption. As one of the large players in the cement and clinker manufacturing business, we face a dynamic operating context that presents both demanding challenges, as well as potentially rewarding commercial opportunities for innovation and sustainable growth.

The group has identified the following trends in the operating environment which have had a direct impact on the business and management has taken the necessary strategic actions to ensure that all risks are mitigated and opportunities are exploited for sustainable business performance.

Macroeconomic 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 increased to 4.2% in 2021 from 3.3% in 2020.

Real GDP growth of 4.3% is estimated for 2021 compared to 4.8% (as published by National Bureau of Statistics) for 2020. Whilst increase in GDP was pleasing, the primary drivers for business performance remained the robust infrastructure investment and a strengthening consumer base. Government's actions to support the medium-term monetary policy inflation target of 5% also supported demand for our products.

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 2022. 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 meaningful share of the cement demand in the country and remains committed to local production of superior cement products.

Regulatory environment

Being an integrated cement manufacturing business, the Group falls predominantly under the jurisdiction of two ministries vis-a-vis the Ministry of Minerals due to the mining of limestone, red soil and pozzolana which are used in the production process, as well as under the Ministry of Investment, Trade and Industry because we have installed plant and equipment used to produce cement and clinker.

Due to the significance and contribution of the sector to the country's socio-economic development, the Group is subject to a high level of regulatory scrutiny. There have been some significant regulatory and policy developments recently from the government through its departments, particularly by the Mining Commission on the implementation of the local content requirement in accordance with the Tanzania Mining Act (Local Content Regulations), 2018.

Our response

i. As part of our commitment to ensuring robust governance processes and instilling a strong culture of compliance across the Group, the finance department is the custodian of all controls ensuring compliance with the laws in collaboration with the Company Secretary and the Legal Manager. Their roles include among others, to monitor and manage all major regulatory risks of the business.

ii. We continuously monitor changes to regulations and licencing requirements and ensure that our business units are sensitised through training programs and staff communications.

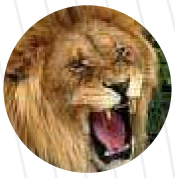
iii. We maintain ethical relations with government and relevant regulatory bodies and the tax authorities, informed by a shared understanding of the need for inclusive economic development and the important contribution of the business in attaining sustainable economic development.

Competitive landscape and market forces

Tanzania has experienced significant growth in the construction industry over recent years. This includes residential and commercial real estate as well as public investments such as roads, railways, bridges, water systems, telecommunications, and air transport networks.

There has been a consistent increase in government spending on infrastructure development projects year-on-year. This has acted as a stimulant for the investment in the construction industry. The sector has been among the largest contributors to the economic growth of the country and in 2021 contributing 18.1 percent of the country's GDP.

The outlook of the construction sector remains positive with expected growth of 7.6 percent between 2021-2025 subject to economic recovery and government initiatives to open corridors for foreign investments. The government is working on a strategy to encourage new investments in the country and put forward plans to achieve registered projects. The sector will be driven by the success in pushing major



projects and significant support from International Monetary Fund (IMF).

In 2021 the industry grew by 13.3% in real terms with the construction being the leading contributing sector, however, this reflects a slowdown from the annual average growth of 14.3% between 2016 and 2019. The growth witnessed in 2021 was due to the increase in demand supported by key government funded projects, residential and real estate projects as well as production stability of cement manufacturers which assured consistent supply.

Construction has seen increased investments in infrastructure, such as the construction of railways, roads, and airports as well as spending on improving the provision of a wider and more reliable electricity network, the improvement in transportation services and the increase in extraction of minerals, especially gold and coal.

Dangote cement continues to increase plant output leveraging off its gas power plant commissioned at the end of 2020. Their sales improved during the year with an estimated volume of 1.4 million tons which translates to an estimated growth of more than 50 percent and market share of 24 percent per annum since 2016 due to their pricing strategy, improvement of the cement supply chain, and utilisation of distributors across the country.

The commissioning of the repaired plant of Huaxin Cement at its Maweni Limestone plant in Tanga led to an increase in competition. Huaxin Cement created an aggressively competitive environment and challenges in the market. They started cement production and distribution in September 2021 using an aggressive low-price campaign for market penetration. They are selling cement domestically and clinker to both local and export markets. Huaxin poses a threat to the established and responsible major players due to its low-price strategy which can only yield short-term benefits to the company, but is not considered to be sustainable in the long-term by negatively impacting the sector as whole.

Independent cement grinding plants were facing stiff competition from large players. A number of these small operations succumbed to challenges on quality leading to loss of market share. Well funded players like Camel cement is however exploring expansion plans to increase sales and distribution countrywide.

Transport and distribution of cement have been affected by the recent increase in prices of petroleum products on the world oil market. Transporters were obliged to increase freight rates to compensate for the increased fuel prices.

Digital environment

The Group capitalises on the implementation of advancements in technology to run the business. The running of plant and equipment used in the production process has been highly automated with the majority of processes being managed and monitored from the master control room. The group also uses integrated Enterprise Resource Planning (ERP) and Management (ERM) software in managing and processing all business data.

The Group's use of technology and infrastructure capabilities positively impact our customers' experiences and support business efficiency and sustainability. The strategy gives us an competitive advantage in terms of the product development and quick response times to the dynamics of a fast paced changing market environment.

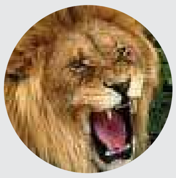
Societal issues

Corporate Social Responsibility

The Group continued to support the Tanzanian society through its corporate social investment programmes. During the year the Group showed support to various societal courses such as health, education, and law by providing face masks and thermometers to Bombo Hospital, and sponsoring The Accountants Annual Conference 2021 event conducted by the NBAA, and the High court (Usiku wa Sheria) events, respectively. Further breakdown of the CSR activities have been disclosed in section 34 of this report of those charged with governance.

Health

The Group complies with applicable health and safety laws and regulations in conducting its business processes including compliance with the Occupational Health and Safety Act, 2003 and other applicable legislation concerning industrial safety. The Group is committed to provide a safe and healthy work environment to avoid any adverse impact or injury to its employees and customers by taking a proactive approach towards the safety of everyone on our business premises, including employees, contractors, customers, visitors, and members of the public by ensuring that they are not exposed to risks that may compromise their health and safety. The Group performs



annual OSHA medical health check-ups for all employees and contractors on site to ascertain and continue monitoring their health status.

Continuing impact of COVID-19
The statics show the severity of COVID-19 has declined in 2021, however the Group is managing the residual impacts like reduced levels of economic activity, disrupted supply chain and traditional working patterns as well as longer term health, economic and emotional hardship of employees and stakeholders. Although the government in Tanzania has prioritised the need to keep the economy open to sustain livelihoods, certain sectors such as tourism and hospitality have been profoundly disrupted, with ramifications felt across the economy.

Our response
The Group has implemented various measures since the start of the pandemic to keep our employees, contractors, and the immediate community safe through the following protocols:

- i Providing awareness to employees and the entire business community in our workplaces to take precautions against the spread of COVID-19 like handwashing, use of sanitisers, face masks and maintaining social distance.
- ii Putting sanitisers at all entrances to our premises and offices and infrared thermometers at the main entrance gates.
- iii Seating arrangement in the offices and canteen to maintain the required social distancing.
- iv Encourage the use of technology in business communications including emails and video conference so as to minimise physical interaction in large groups.

Population and demographic
Tanzania offers exciting growth potential relating to sales of cement. The population growth underpins the need for increased human settlements and infrastructure and the Group is well positioned to meet the rapidly growing demand for cement.

Our response

- i. Improve the overall equipment reliability through preventive maintenance programmes.
- ii. Use trade development representatives and regional rales managers to gather market information.
- iii. Use of technology in operating and monitoring equipment performance and troubleshooting breakdowns.
- iv. Invest on employees' skills training to have the most competent individuals to manage the operations.

Human rights
The Group complies with all Tanzanian, regional and international human rights protocols, laws, and regulations. The Group has domesticated this in its culture through its policies and procedures that govern various human interactions including but not limited to employment policies and procedures and disciplinary policies and procedures.

Environmental issues
Being in a mining and manufacturing sector, the Group's operations have a direct impact on the environment where the production activities are taking place. Accordingly, the Group have adopted policies, procedures and processes to ensure environmental impact that could be generated because of the production processes are mitigated to the minimum. Strategies like quarry rehabilitation provision that conforms with the mining companies' best practice and the requirement of the Tanzania Mining Act, use of technology and bag filters that aim at reducing the emissions, planting of teak trees which to act as a buffer and environmental rehabilitation as well as other environmental safety measures have been adopted. The Group also considers the best way to recycle all waste being produced in the manufacturing process including wastewater filtration and reticulation

Legitimate needs, interests and expectations of key stakeholders
Government (Regulators)

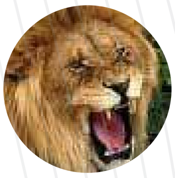
- Compliance with the laws and regulations.
- Timely statutory payments.

Employees

- Employees want friendly, safe and conducive working environment, defined career progression, better salary and benefits, motivation and recognition, opportunities to contribute to the society.

Shareholders

- Shareholders expect dividends and growth in the share price.



Financiers

- Compliance with borrowing covenants.
- Timely payments of agreed interest and principle on loans and overdraft facilities per agreements.

Suppliers

- Transparent, efficient and fair procurement process of goods and services.
- Receiving feedback on goods delivered and services rendered.
- Timely settlement of suppliers' invoices.

Customers

- Timely delivery of cement ordered.
- Efficient and responsive after-sales service, especially on the quality of cement used for brick making or concrete strength.

Society

- Access to our corporate social investment projects as well as getting access to employment opportunities with or for the Group.

Political environment

The Group operates in a very political stable environment. Tanzania is one of the most peaceful and politically stable countries in Africa since its independence in 1961. The political stability in Tanzania promotes sustainable business opportunities.

6. MATTERS AFFECTING THE GROUP'S ABILITY TO CREATRE VALUE

Considering the Group's strategy, governance, performance, and prospects there are matters that have, or may have an effect on the Group's ability to create value. These matters are discussed in section 8 of this report in the Principal Risks and Uncertainties section.

7. COMPOSITION OF THE BOARD OF DIRECTORS

The directors of the Company who served on the Board during the year under review, and to date of this report are:

Name	Gender	Position	Age	Nationality	Qualification	Date Appointed
Mr L. Masha*	Male	Chairperson	51	Tanzanian	LLB (Hons), LLM	17 May 2013
Mr R. Swart **	Male	Managing Director	48	South African	Bsc. (Mechanical Engineering)	11 July 2013
Mr P. De Jager **	Male	Director (Chief Financial Officer)	50	South African	B. Com (Accounting), B. Compt (Hons)/ CTA, MBA	13 May 2016
Mr P. Rutabanzibwa*	Male	Director (Deputy Chairperson)	65	Tanzanian	B. Chemical Engineering	22 May 2015
Mr Rob Wessels#	Male	Director	47	South African	B. Com, LLB, CFA	20 March 2017
Mr K. Omar*	Male	Director	56	Tanzanian	MSc. Development Studies	17 May 2013
Mr R. Mbilinyi*	Male	Director	57	Tanzanian	BSc Engineering, MBA (Marketing)	4 March 2013

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

The Company Secretary during the year ended 31 December 2021 was Mr Q. Ganijee (Tanzanian), 39 years old.

The Board of Directors met four times during the year.

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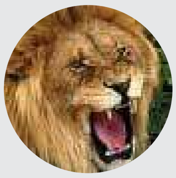


THE REPORT BY THOSE CHARGED WITH GOVERNANCE

FOR THE YEAR ENDED 31 DECEMBER 2021 - *(Continued)*

8. CORPORATE GOVERNANCE

Code of Corporate Practice and Conduct

Tanga Cement Public Limited Company is committed to the principles of good corporate governance to strengthen and maintain the stakeholders' confidence in the Group. The Board collectively recognize and assumes the ultimate role of safeguarding the Company's assets and reputation. The Board is of the opinion that the Group currently complies with the principles.

The Board of Directors

Overview

The Board of Directors (the "Board") of Tanga Cement Public Limited Company is composed of seven directors. Apart from the Managing Director and the Chief Financial Officer, no other directors hold executive positions in the Group. Their names, position, age, nationality, gender, qualifications, and the date of appointment/retirement are disclosed in section 7.

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.

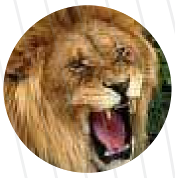
Board Charter

TCPLC Group has a board charter which among others sets out the Company's goals, the specific responsibilities of the board and how it shall operate within applicable legal and regulatory framework; and clearly specifies the powers of the board and its committees, separation of roles between the Board and management; and the practice of the board in respect of corporate governance matters. It also provides annual calendar and principal activities to be deliberated.

Roles of the board

The role of the Board is to effectively represent and promote the interests of shareholders with a view to adding long-term value to the Company's shares. Having regard to its role, the Board will direct and supervise the management of the business and the affairs of the Company including, in particular:

- Ensuring that the Company goals are clearly established and that strategies are in place for achieving them (such strategies being expected to originate, in the first instance, from management).
- Establishing policies for strengthening the performance of the Company by, inter-alia, ensuring that Management is proactively seeking to build the business through innovation, initiative, technology, new products, and the development of its business capital.
- Monitoring the performance of management.
- Setting the terms of the CEO/Managing Director's employment contract and, where necessary, recommending the termination of the CEO/Managing Director's employment with the Company.
- Ensuring that procedures and practices are in place that protect the Company's assets and reputation.
- Deciding on whatever steps are necessary to protect the Company's financial position and ensuring that it can meet its debts and other obligations as required.



- Ensuring that the Company's financial statements are true and fair and conform with law.
- Ensuring that the Company adheres to law and maintains high standards of ethics and corporate behavior.
- Ensuring that the Company has appropriate risk management/regulatory compliance policies in place.
- Regularly assessing the Company's performance and effectiveness, and that of individual directors, including the CEO/Managing Director, and
- Ensuring that the Company has developed a succession plan for the executive directors and senior management.

Segregation of duties

The Board link the Company's governance and management functions through the Managing Director (MD). Both the Chairman of the Board and the MD are collectively responsible for the leadership of the Group and for promoting the culture of good governance to the highest standards of integrity.

All Board authorities conferred on management is delegated through the MD so that the authority and accountability of management is considered to be the authority and accountability of the MD so far as the Board is concerned. The Chairman is expecting to be kept informed by the MD on all important matters and is always available to the MD to provide counsel and advice where appropriate.

Some of the key roles and responsibilities of the Chairman of the Board is outlined below:

i) Responsible with ensuring the integrity and effectiveness of the governance process of the Board.
ii) Responsible for maintaining regular dialogue with the MD over all operational matters and will consult with the remainder of the Board promptly over any matter that gives him or her cause for major concern.
iii) Act as facilitator at meetings of the Board to ensure that no director, whether executive or non-executive, dominates discussion, that appropriate discussion takes place and that relevant opinion among directors is forthcoming.
iv) To ensure that Board discussions result in logical and understandable outcomes.
v) Ensure the performance and evaluation of the Board and its committees is done as required by the Board charter.

Key roles and responsibilities of the Managing Director:

i) Responsible for the leadership of the company and for promoting a culture of good governance to the highest standards of integrity.
ii) Inform the Chairman of all important matters and seek counsel and advice from the Board where appropriate.
iii) The MD in association with the Chairman is responsible for the achievement of the Company goals.
iv) Present to the Board operational and other reports (such as annual financial and capital expenditure budgets etc.)

Board independence

Director independence is critical to effective corporate governance and providing objective independent judgment that represents the interests of all shareholders is at the core of the Board's oversight function. Accordingly, a substantial majority of the Board's directors should be independent, compliant with applicable rules and regulations and as determined by the Board's charter.

An independent director should not have any relationships that may impair, or appear to impair, the director's ability to exercise independent judgment.

Annual assessment of the directors' independence

The independence of the board is assessed annually based on the National Board of Accountants and Auditors', Tanzania (NBAA) regulations.

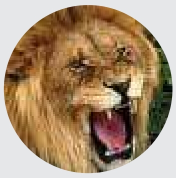
During the 2021 financial year we confirm that no director (except executive directors) held management positions at the Company or with the Group and no former executive director/(s) were appointed as Board member less than three years after their departures.

Further note the Board has not received any complaints regarding their standing from the NBAA being the professional regulatory body

Board meetings

According to the Board charter, the Board is required to meet at least four times per year. At each normal meeting the Company's register of directors' interests will be updated as necessary and the Board will consider:

i. The operational report from the MD, and individual business units,
ii. The financial report from the Chief Financial Officer (CFO).



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iii. Review specific proposals for capital expenditure and acquisitions.
iv. Approve the annual financial and capital expenditure budgets.
v. Review and approve quarterly financial statements in line with term loan and stock exchange regulatory requirements,
vi. Approve the annual and half-yearly financial statements, reports to shareholders and al public announcements.
vii. Review the Board's composition, structure and succession as recommended by the Remuneration & Nomination Committee (RemCom)
viii. Receive and consider the report from the Audit, Risk and Compliance Committee on the review of the Company's audit requirements.
ix. Review the Code of Ethics and Business Conduct,
x. Review safety, health and environmental management policies and procedures.

During the 2021 financial year the Board held 7 meetings.

Outlined below is the attendance of the Board members and invitee for the meetings held during the year:

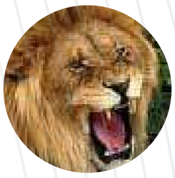
Name	Position	30/03/21	12/05/21	28/05/21	11/08/21	26/08/21	25/10/21	04/11/21	% Attendance
Mr L. Masha	Chairperson	Attended	Attended	Attended	Attended	Attended	Attended	Attended	100%
Mr R. Swart	Managing Director	Attended	Attended	Attended	Attended	Attended	Attended	Attended	100%
Mr P. De Jager	Director (Chief Financial Officer)	Attended	Attended	Attended	Attended	Attended	Attended	Attended	100%
Mr P. Rutabanzibwa	Director (Deputy Chairperson)	Attended	Attended	Attended	Attended	Attended	Attended	Attended	100%
Mr Rob Wessels	Director	Attended	Attended	Attended	Attended	Attended	Attended	Attended	100%
Mr K. Omar	Director	Attended	Attended	Apology	Attended	Attended	Attended	Attended	86%
Mr R. Mbilinyi	Director	Attended	Attended	Attended	Attended	Attended	Attended	Attended	100%
Mr Q. Ganijee	Company Secretary	Attended	Attended	Attended	Attended	Attended	Attended	Attended	100%
Mr I. Lupokela	Head of Finance	Attended	Attended	Apology	Attended	Attended	Attended	Attended	86%

During these meetings several matters were discussed regarding the operations of the Group. Some of these matters were:

- The Board reviewed and approved the annual financial statements.
- The Board had a discussion on the quarterly financial performance of the Group as presented by the management,
- The Board discussed and approved the Group's financial budget and long-term financial forecast for the 2022 year as presented by the management,
- The Board discussed and approved the annual capital expenditure budget for the 2022 year and forecast for the years 2023-2025.
- The Board also discussed the reports received from its two standing committees and deliberated thereon.

After the discussion and deliberation, the Board directed management accordingly on each specific matter raised.

The Board's Relationship with Shareholders
The Board always uses its best endeavours to familiarise itself with issues of concern to Shareholders. The Board regularly evaluate economic, political, social and legal issues and any other relevant external matters that may influence or affect the development of the business or the interests of shareholders and, if thought appropriate, it will take outside expert advice on these matters.



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Board committees
According to the Board charter, Board committees will be formed only when it is necessary to facilitate efficient decision-making, and they will observe the same rules of conduct and procedure as the Board unless the Board determines otherwise.

During the 2021 financial year, the Board had two standing committees, namely the Audit, Risk & Compliance Committee, and the Remuneration & Nomination Committee. These two committees have their own charter which govern their operations.

Audit, Risk and Compliance Committee
This committee provides a forum for the effective communication between the Board and the external and internal auditors. The committee has been established to improve the efficiency of and assist the board in discharging its duties relating to the safeguarding of assets, the operation of adequate financial systems, control processes and the preparation of accurate financial statements, identifying, considering, and monitoring risks impacting on the Company's business and ensuring compliance to prevailing legislation and statutory requirements. The committee does not perform any management functions or assume and management responsibilities. It performs an oversight role on behalf of the Board, and therefore report to the Board.

The committee has a charter that describes its structure, composition, and functions.

The directors of the Company who served on the committee during the year under review, and to date of this report are:

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

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

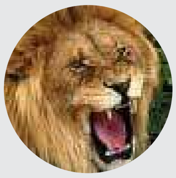
Outlined below is the attendance of the committee members and invitees in the meetings held during the year:

Name	Position	30/03/21	28/05/21	26/08/21	04/11/21	Attendance %
Mr Rob Wessels	Chairman	Attended	Attended	Attended	Attended	100%
Mr L. Masha	Director	Attended	Attended	Attended	Attended	100%
Mr K. Omar	Director	Attended	Apology	Attended	Attended	75%
Mr R. Swart	Director	Attended	Attended	Attended	Attended	100%
Mr P. De Jager	Director	Attended	Attended	Attended	Attended	100%
Mr P. Rutabanzibwa	Director	Attended	Attended	Attended	Attended	100%
Mr R. Mbilinyi	Director	Attended	Attended	Attended	Attended	100%
Mr Q. Ganijee	Company Secretary	Attended	Attended	Attended	Attended	100%
Mr I. Lupokela	Head of Finance	Attended	Attended	Attended	Attended	100%

During their four meetings held in 2021 the committee apart from other things, discussed the following:

The committee reviewed and approved the annual and half-yearly financial statements before publication.

- The committee reviewed and approved the annual and half-yearly financial statements before publication.
- Reviewed all significant tax matters involving uncertainty.
- Reviewed the compliance with local and international accounting standards.
- Reviewed the internal audit report as well as the internal audit annual budget and plan.
- Reviewed the external auditor's report on audit issues, and material internal control weakness.
- Reviewed annual audit plan and audit fee budget.
- Reviewed effectiveness of internal control systems including computerised information systems, control, and security.
- Review systems and report on monitoring, compliance with laws, regulations, regulatory authorities' requirements and Company's memorandum and articles of association.



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Remuneration and Nomination Committee

The committee was formed to help the Board to consider, investigate, review, and recommend to the Board any material changes to the company's existing remuneration policy, the employee long-term reward scheme, and the incentive bonus scheme with the objective of ensuring that the Company's employee remuneration accords with remuneration practice in Tanzania and supports the Company's commitment to attracting and retaining highly skilled talent. The committee is also responsible to review the remuneration of non-executive directors and the remuneration packages of senior management on an annual basis and make its recommendations to the Board.

The directors of the Company who served on the committee during the year under review, and to date of this report are:

Name	Nationality	Qualification
Mr R. Wessels (Chairman)	South African	B. Com, LLB, CFA
Mr L. Masha	Tanzanian	LLB (Hons), LLM
Mr P. Rutabanzibwa	Tanzanian	B. Chemical Engineering
Mr R. Mbilinyi	Tanzanian	BSc Engineering, MBA (Marketing)

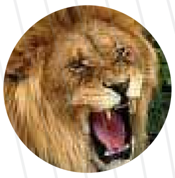
The Remuneration and Nomination Committee, which comprises non-executive directors, reports to the Board and met five times during the year.

Outlined below is the attendance of committee members and invitees during the meetings held in the year:

Name	Position	30/03/21	28/05/21	26/08/21	04/11/21	Attendance %
Mr Rob Wessels	Chairman	Attended	Attended	Attended	Attended	100%
Mr L. Masha	Director	Attended	Attended	Attended	Attended	100%
Mr P. Rutabanzibwa	Director	Attended	Attended	Attended	Attended	100%
Mr R. Mbilinyi	Director	Attended	Attended	Attended	Attended	100%
Mr K. Omar	Director	Attended	Apology	Attended	Attended	75%
Mr R. Swart	Director	Attended	Attended	Attended	Attended	100%
Mr P. De Jager	Director	Attended	Attended	Attended	Attended	100%
Mr Q. Ganijee	Company Secretary	Attended	Attended	Attended	Attended	100%
Miss D. Malambugi	Head of HR	Attended	Attended	Attended	Attended	100%
Mr I. Lupokela	Head of Finance	Attended	Apology	Attended	Attended	75%

During the period under review the committee discussed and presented to the board for approval the following matters:

- Review the performance of the managing director.
- Provide counsel to the managing director on the evaluation of the performance of members of senior management.
- Review and approve the proposed annual remuneration increase for the 2022 year.
- Review the annual bonus payment for the prior year 2020.
- Review the composition of the board and adequacy of the number of committees.
- Review the directors' fees and recommend appropriate fees to the board.
- Review the company's annual succession plan report



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Board and Committees Evaluations

The Board and its committees critically evaluate their own performance and their own processes and procedures each year to ensure that they are not unduly complex and are designed to assist the Board and committees to effectively fulfil their roles.

Each year, individual directors and committee members are evaluated t a process whereby the Board and Committees determine questions to be asked of each director and committee member about him or herself and about each other, including the chairman in compliance with best corporate governance principles. It is mandatory for each director and committee member to answer the questions in writing and the responses are collated by the chairman of the Board and chairmen of the committees, with the assistance of the company secretary, who then discuss the results with each director and committee member and with the Board collectively. The Board chairman's own position is discussed with the Deputy Chairman and/or the rest of the Board. The Board have the discretion to determine other means of evaluation should they so deem fit.

During the year, evaluation of the Board, its committees and the individual directors were performed by using questionnaires as explained above.

Appointment of the Board and Committees' members

Before any appointment is made by the board, evaluate the balance of skills, knowledge and experience on the board, and, in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the committee shall:

- Use open advertising or the services of external advisers to facilitate the search.
- Consider candidates from a wide range of background.
- Consider candidates on merit and against objective criteria, taking care that appointees have enough time available to devote to the position.
- Keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.
- Keep up to date and fully informed about strategic issues and commercial changes affecting the company and the market in which it operates.
- Review annually the time required from non-executive directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties.
- Ensure that on appointment to the board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, committee service and involvement outside board meetings.

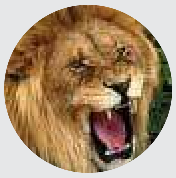
The committee shall also make recommendations to the board concerning:

- Membership of the audit, risk & compliance committee and this committee, in consultation with the chairmen of these committees.
- The re-appointment of any non-executive director at the conclusion of their specified term of office, having given due regard to their performance and ability to continue to contribute to the board in the light of the knowledge, skills and experience required.
- Any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the company subject to the provisions of the law and their service contract.
- The appointment of any director to executive or other office.

Training and development of the members of the board and committees

Directors are encouraged to carry out "due diligence" on the Company before accepting an appointment to the Board.

On their first appointment, non-executive directors has the benefit of an induction programme aimed at deepening their understanding of the Company and the business and the operational environment and markets in which the Company operates. As part of the programme, directors will receive a folder of essential Board and Company information and will meet key management personnel.



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Directors are expected to keep themselves abreast of changes and trends in the business and in the Company's operational environment and markets and to keep abreast of changes and trends in the economic, political, social and regulatory environments generally.

Any director is entitled to obtain independent professional advice relating to the affairs of the Company or to his or her other responsibilities as a director or member of a relevant committee, however he/she must first discuss it with the Chairman and, having done so, will be free to proceed.

During the 2021 year there were no formal training conducted for the directors, but the Group sent its Company Secretary and a Head of Finance who is a permanent invitee to the Board and committee meetings for directorship and secretarial training at the Institute of Directors Tanzania as outlined below:

Training Type	**Company Secretary**	**Head of Finance**
Certificate in Company Secretarial	September 2021	
Certificate in Directorship	November 2021	September 2021

Performance evaluation and reward

Details of the remuneration of the directors are disclosed in Note 35 to the consolidated and separate financial statements. The Group utilises the results of market surveys to ensure market related salaries are paid and that market trends are followed in terms of changes in benefits, while taking into account the value of the employee's contribution to the Group. A portion of the incentive remuneration of the managerial staff, especially senior management, is linked to the financial performance of their respective business units and of the Group as a whole.

Risk management and internal control

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

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

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

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

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

Ethical behaviour

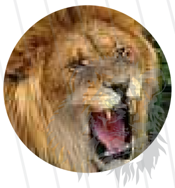
The Group's Code of Conduct governs its activities, internal relations and interactions with stakeholders in accordance with its ethical values. Staff are expected to maintain the highest level of integrity and honesty in dealing with customers, suppliers, service providers and colleagues.

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

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

Business ethics and organisational integrity

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



Principal risks and uncertainties

Overview of the Group's enterprise risk management

The Board is responsible for the establishment and oversight over the business's risk management framework. The execution of this responsibility is cascaded to management, who are responsible for managing material risks that fall within their operating domains.

Management of risks is prioritised based on the residual exposure of the identified risks, i.e. the potential impact after mitigation measures are in place to ensure business sustainability.

Enterprise risk is reviewed and reported on at least quarterly to the Audit Risk and Compliance Committee and to the Board.

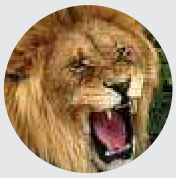
Risk management practices

An evaluation of material risks is conducted regularly and submitted quarterly to the Audit, Risk and Compliance Committee and to the Board of Directors. The aim is to reflect the risk exposure to the Group and become on a forward-looking basis. The risk profile of the Group is evaluated in the context of the business's risk capacity and tolerance thresholds set for the year.

Principal risks

The principal risks and uncertainties that may significantly affect the Group's operations, strategies and sustainability are detailed below:

Risk Type	Risk Definition	Risk causes	Key Risk Indicator (KRI)	Planned Risk Controls
Market Price Risk (Competitor Actions)	The risk that competitor's actions or natural comparative advantages in the marketplace will adversely affect the volumes or prices achieved by the Company, resulting in lower than budgeted revenues and the Company being unable to meet its financial obligations.	• Declining or no price increases as result of price competition driven by excess capacity and customer bargaining power. • Competitors' strategic advantages such as low-cost curves, optimal location and other synergies. • Declining market shares (due to increase in capacity, existing players, new entrants, and imports. • Loss of high performing skilled sales staff.	• Net Sales Revenue	• Optimising cement sales by geography/ micro market, customer segment and by product. • Grow cement volumes through Trade Development Representatives (TDRs) • Performance based salary structure and staff training. • Sales linked promotions for large distributors. • Optimise logistics supply to the market.
Reduced Market Demand Risk.	The risk that an overall reduction in market demand due to macroeconomic factors will cause the business to attain lower than budgeted sales volumes and have a direct impact on the company's revenue.	• Declining sales volumes due to general decrease in total demand. • Weak macroeconomic environment (low investment, low growth, low business confidence).	• Value of decrease in net sales.	• Optimising the cement sales by geography/ micro market, customer segment and by product. • Grow cement volumes through expanding product range. • Performance based salary structure and staff training. • Sales linked marketing promotions



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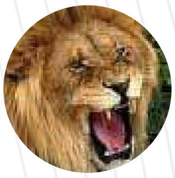
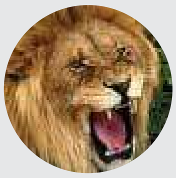
Risk Type	**Risk Definition**	**Risk causes**	**Key Risk Indicator (KRI)**	**Planned Risk Controls**
Supply Interruptions of Critical Spares and Production.	Supply interruptions/ stock shortages following breakdowns due to failure of critical equipment. The impact is taken as the value of lost sales or the cost of buying product from competitors at a premium to mitigate supply interruptions.	• Poor plant reliability due to inadequate maintenance and use of unreliable parts. • Non-availability of critical spares. • Weather induced breakdowns, i.e. breakdowns resulting from poor workability of production input materials due to adverse weather conditions.	• OEE % variance against budget. • MTBF (Mean time between failures).	• Keeping adequate buffer stocks for products as well as for key production raw material resources. • Effective maintenance planning, execution, using reputable parts suppliers, effective condition monitoring of critical plant parts, etc. • Investigating alternative/ backup, longer term plans for key resources e.g. secure supply of critical mineral resources.
Inadequate Liquidity	The risk that the company will not have adequate financial resources to meet short term financial obligations, e.g. to providers of capital, suppliers and or other stakeholders	• Insufficient financial performance (lower EBITDA and cashflows). • Capex expenditure not adapting in line with reduced EBITDA. • Decrease in working capital due to payment of long-term capital expenditure from short-term operational cashflows. • Decrease in working capital due to increase in credit sales to retain key customers and distributors.	• Liquidity ratios and cash flows.	• Monitoring credit limits and implementing a rigorous debtor risk management controls. • Cashflow forecasting and optimised procurement function. • Zero tolerance policy to fraud and corruption. • Rigorous process for monitoring capex approvals. • Ensuring efficient spending on equipment maintenance (mitigation only reduces the likelihood, not the impact.
Energy Interruptions	Production losses and additional costs caused by reduced operating efficiencies due to electrical power interruptions from the power utility. Potential damage includes premature kiln refractory material failure.	• Poor and unreliable power supply from the local utility.	• Number of electrical power interruptions (per week).	• Installation of a UPS system which has been approved, but commencement is subject to cashflow constraints. • Desensitising electronic plant control equipment to micro-dips in electricity supply. • Continued proactive maintenance regime of installed standby generators.



Risk Type	**Risk Definition**	**Risk causes**	**Key Risk Indicator (KRI)**	**Planned Risk Controls**
Non-compliance with Material Legislation	The risk that the business will incur fines, penalties, loss of licenses due to non-compliance with material legislation or license conditions	• Increasing the costs of operating a business due to onerous compliance requirements. • Changes in the competitive landscape, e.g. market structure requirements, concentration ratios. • Financial penalties and levies due to non-compliance with legislation	• Non-compliance notices. • Increase in number of calls through the Tip-offs Anonymous hotline relate to non-compliance issues. • Increase in legislative penalties and levies due to non-compliance with material legislation	• Draft and implement a compliance framework. • Monitor with legislative changes in the business's operating environment. • Encourage ethical and acceptable market conduct in pursuit of business objectives, as guided by the Codes of Conduct. • Implementation of a zero tolerance to misconduct associated with corruption and unethical behaviour in any part of the business. • Quarterly review of compliance by the Audit, Risk and Compliance Committee..
Skills & Talent Shortage	The risk that the business will incur higher costs related to lack of critical skills, i.e. staff not having the required knowledge, skills or motivation to effectively carry out their responsibilities in current and future positions. This manifest in increased costs incurred related to outsourcing skills and costs related to reduced productivity	• Inadequate succession planning. • Company losing experienced employees to other companies (high turnover of experienced staff. • Reduction in training and professional development budget as part of cost rationalisation	• Staff turnover rate. • Number of flagged vacant positions	• Develop and implement an effective clear succession plan for key positions. • Develop and implement a robust skills sharing and transfer program in the business. • Conducting employee workplace culture surveys. • Implementing a total reward strategy and position the company as the employer of choice • Implement a staff retention strategy.



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Risk Type	Risk Definition	Risk causes	Key Risk Indicator (KRI)	Planned Risk Controls
Serious Reputational Risk Incident	The risk of damage to the reputation of the business in the eyes of internal and external stakeholders resulting in loss of sales and other loss of business opportunities. Impact is measured as sales losses due to reputational damage.	• Unethical conduct by persons conducting the company's business. • Non-compliance with legislation. • Unethical conduct by trade counterparties. • Negative public reporting around the company's financial position	• Number of negative press reporting events	• Develop and implement a code of conduct applicable to all employees of the company, develop a public relations and communication policy and procedure manual. • Rigorous training on fraud prevention and ethics in the workplace. • Rapid situation assessment approach to issues and being able to respond or communicate quickly and effectively. • Management to ensure proactive engagement with stakeholders.
Labour Market Action/ Instability	The risk that market unrest or labour strikes will affect the ability of the business to provide products to customers. It includes the additional cost-to-serve from unaffected operations during such events	• The state's socioeconomic policies, etc. • Unresolved grievances with spheres of government in relation to policies or service delivery. • Unacceptable demands for additional employment benefits • Unrealistic salary demands	• Media reports of labour related violence/claims of employees' dissatisfaction. • Feedback from geographic or regional meetings. • Threats of implementation of formal dispute process.	• A structured platform for effective interaction and negotiation between stakeholders of the business. • Monitoring conflict indicators and promoting workplace satisfaction. • Sound and open engagements with recognised labour unions

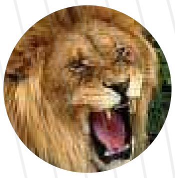
Group Corporate Communication
The Group has a policy which governs all corporate communications and public relations. The purpose of the policy is to ensure the Company's ability to communicate and deliver messages consistently in both emergency and non-emergency situations in a manner that is both appropriate, efficient, effective, and best serves the Company's strategic objectives, mission, goals, reputation and image.

The Group is committed to creating effective communication that enable our stakeholders to make informed decisions based on our goals and performance.

We are open and transparent in providing continuous and compressible information on our performance both internally and externally. We also inform our stakeholders impartially and in good time about all material business developments.

TCPLC is a local company that is part of a multi-national group therefore we have a global outlook. Accordingly, our communications and publications always consider the different environments which we may impact. Our engagement with stakeholders is based on mutual respect and trust and we are committed to cultivating a spirit of open dialogue.

Key stakeholders' communication includes the Group's Annual Report, published quarterly financial reports, cautionary notices and other publications in accordance with the Dar es Salaam Stock Exchange Listing Rules. The Group has a website (simbacement.co.tz), and social media accounts in the name of "Simba Cement" through which our stakeholders can access all publications including general information about the company and its subsidiaries.



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Whistle blowing policy

The group has a policy which governs the entire process of whistle blowing. The main purpose of the policy is to enhance good governance and transparency in dealing with individuals, corporate entities, and all other stakeholders. The policy provides a platform for raising concerns related to fraud, corruption or any other misconduct and to ensure that anyone who disclose information relating to these misconducts will be protected from any retaliation.

The employees of the Company may, in confidence raise concerns about possible improprieties in matters of financial management or other matters. The Board through the Audit, Risk and Compliance Committee and in collaboration with management ensures that arrangements are in place for the appropriate and independent investigation of such matters and that appropriate follow-up actions are taken. The committee considers the major findings of internal investigations and management's response.

Apart from the internal whistle blowing policy, the Group has a section on its website explaining on how anonymously report any misconduct, conflict of interest, and breaches of the code of conduct and deemed non-compliance with legislation.

Conflict of Interest

The directors, managers and employees of the Company and its subsidiary (Group) are responsible to the shareholders, customers and the public at large to ensure that the Group's affairs are conducted according to the highest standards of corporate governance.

The Group has a policy which govern all insider trading activities. In dealings with individuals and corporate entities, the policy requires employees to act legally and ethically in the best interest of the Company, to the exclusion of all considerations of personal preference, advantage, interest or relationship.

The Board charter requires directors not to provide business or professional services to the Company as it will create a real or perceived conflict of interest.

During the year, none of the directors or employees had any direct or indirect material interest in any significant contract with the Group.

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.

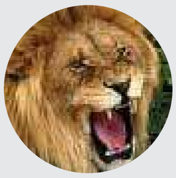
The directors are satisfied that during the year under review:

- 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 as disclosed in Note 43.

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 two sub-committees (refer to section 8 of this report of those charged with governance) to which it delegated some of its functions to ensure a high standard of corporate governance throughout the Group.



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9. 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. The remuneration policy is in line with the Group strategy and linked to individual performance. The policy is reviewed annually by the Remuneration and Nomination Committee and approved by the Board.

10. 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 (2020: 63,671,045 Ordinary shares of TZS 20 each).

Issued up and fully paid

63,671,045 Ordinary shares of TZS 20 each (2020: 63,671,045 Ordinary shares of TZS 20 each).

Details of the capital structure are disclosed under Note 27 to the consolidated and separate financial statements.

11. 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

12. KEY MANAGEMENT PERSONNEL OF THE GROUP IN EXECUTIVE POSITIONS

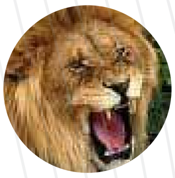
The organisation structure of the group is made up with five departments which are Plant, Commercial, Logistics, Finance and Human Resources.

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

Name	Position	Qualification	Age
Mr R. Swart	Managing Director	Bsc. (Mechanical Engineering)	48
Mr P. De Jager	Chief Financial Officer	B. Com (Accounting), B. Compt (Hons)/CTA, MBA	50
Mr B. Lema	Country Executive	Bsc. (Mechanical Engineering)	62
Mr G. Benjamin	Acting Plant Manager	Bsc. (Mechanical & Process Engineering)	42
Mr P. Brits	Head of Commercial	B. Com (Fin Management), MBA	53
Mrs D. Malambugi	Head of Human Resources	B. Mass-Com, MHRM, CIPD	52
Mr I. Lupokela	Head of Finance	B. Com (Accounting), ACPA-PP, ACCA	36
Mr P. Fanuel	National Logistic Manager	BBA (Sales & Marketing), MBA	44

Functions of key management personnel in executive positions:

- Development and execution of the Group's strategic plans.
- Creating and sustaining long-term value of the business operations.
- Group's risk evaluation and monitoring.
- Performance management of the business operations.



- Preparation of the reports to be submitted to those charged with governance and in accordance with statutory requirements.
- Developing budgets and forecasts for the business.
- Supervising their respective departments and enforcing the overall culture of compliance across the business.

Compensation for key management personnel in executive position

	Group		Company	
	2021 **TZS' 000'**	**2020** **TZS' 000'**	**2021** **TZS' 000'**	**2020** **TZS' 000'**
Short-term employee benefits (Salary)	4,348,535	4,615,321	3,755,832	4,013,914
Post-employment benefits (Defined contribution plans)	454,412	509,524	399,496	447,441
	4,802,947	**5,124,845**	**4,155,328**	**4,461,356**

13. DIRECTORS' REMUNERATION

The remuneration of the directors is subject to an annual review based on the industry benchmarking to ensure reasonable compensations are paid to the directors.

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

	2021 **TZS**	**2020** **TZS**
Chairperson of the Board	42,188,000	26,930,000
Other directors	131,010,000	72,899,000

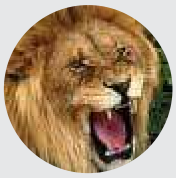
The increase in directors' remuneration for 2021 was due to additional board and committee meetings held during the year under review.

Executive directors' remuneration for the Group and the Company was TZS 2,386 million (2020: TZS 1,839 million).

14. SHAREHOLDERS OF THE COMPANY

The total number of shareholders as at 31 December 2021 was 10,783 shareholders (2020: 10,974 shareholders). The top ten shareholders as at 31 December 2021 were:

Shareholder	**2021**	**2020**
1) AfriSam (Mauritius) Investment Holdings Limited	68.33%	68.33%
2) Public Service Social Security Fund	4.39%	4.39%
3) National Social Security Fund	1.81%	1.81%
4) The registered Trustee of the TCCL Employees Share Trust	1.10%	1.10%
5) African Lions Fund LTD	0.82%	-
6) Kalpesh Rajesh Mehta and/ or Kavita Kalpesh Mehta	0.80%	-
7) Maheboob Jafferrali Ramji	0.62%	0.62%
8) TIM Sandeman Staermose	0.44%	-
9) Emilian Pascal Busara	0.42%	0.42%
10) ABC Computer Limited	0.39%	-



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Summary of members by shareholding as at 31 December 2021:

	2021		2020	
	Number of members	**Number of shares**	**Number of members**	**Number of shares**
1 - 1,000	9,045	2,947,301.00	9,064	2,967,656
1,001 - 5,000	1,228	3,330,860.00	1,239	3,396,684
5,001 - 10,000	359	2,227,899.00	359	2,201,080
10,000 plus	150	11,660,582.00	131	11,601,222
AfriSam (Mauritius) Investment Limited	1	43,504,403.00	1	43,504,403
Total	**10,783**	**63,671,045**	**10,794**	**63,671,045**

Director's shareholding

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.

15. 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 2021 was TZS 70 billion (2020: TZS 31.80 billion). Total turnover of the Company's shares traded on the DSE for the year ended 31 December 2021 was TZS 1,574 million (2020: TZS 280 million). The average traded price of the Company's shares for the year was TZS 472 per share (2020: TZS 502) and the share price as at 31 December 2021 was TZS 1,100 per share (2020: TZS 500 per share).

16. OPERATING AND FINANCIAL REVIEW

Financial performance for the year

Group's sales revenue increased by 9%, to TZS 231bn from TZS 213bn achieved in 2020. Congruent to the increase in revenue, the gross profit also increased by 14% to TZS 61.7bn from TZS 54.2bn achieved in the prior year, the gross margin increased to 27% compared to 25% in 2020 despite major plant maintenance projects undertaken in 2021 and numerous electrical power dips and power outages which increased the costs of production.

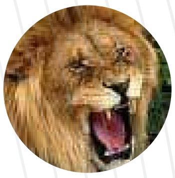
The Group incurred some once-off restructuring expenses during the year which resulted in a 13% decrease in the operating profit to TZS 15billion in 2021 from TZS 17billion in 2020. These expenses mainly relate to the derecognition of the kiln shell section, which was replaced, and associated maintenance costs incurred to stabilise the production process and rationalisation of the quarry mining operations to a more cost-effective outsourced solution.

EBITDA decreased by 2% to TZS 40.6 bn from TZS 41bn achieved in 2020 mainly due to retrenchment cost and maintenance cost incurred to ensure long term reliability of the plant's operations.

The Group incurred a profit before tax of TZS 3.8billion in 2021 compared to the loss before tax of TZS 0.63billion in 2020. The increase in profit before tax was mainly due to the increase in gross profit and decrease in foreign exchange and fair value losses which mainly relate to the USD denominated term loan for the construction of the Kiln2 expansion project and the interest expense on lease liabilities. The Company entered into a standstill agreement on PIC term loan facilities which contributed to prevention of realised foreign exchange losses. Improved treasury management including but not limited strict control over working capital has also contributed positively to the results.

The Group recorded a net profit after tax of TZS 3.5 billion in 2021 compared to net loss after tax of TZS 2.1 billion in 2020.

Cash generated from trading activities decreased by 58% from TZS 48 billion recorded in 2020 to TZS 20 billion in 2021. Net cash flows from operations decreased by 57% from TZS 43 billion recorded in 2020 to TZS 18 billion in 2021.This decline was attributed



to by a 13% decline in the operating profit due to once-off non-recurring expenses as described above, increase in trade and other receivables by TZS 5 billion, increase in inventories by TZS 11 billion, decrease in trade payables and contract liabilities by TZS 4 billion and TZS 1 billion respectively from 2020 to 2021.

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 2022 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.

Capital structure

The balance between equity and debt was as follows:

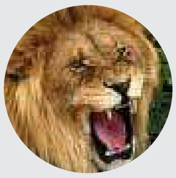
	Group		Company	
	2021 **TZS' 000'**	**2020** **TZS' 000'**	**2021** **TZS' 000'**	**2020** **TZS' 000'**
Equity				
Issued capital	1,273,421	1,273,421	1,273,421	1,273,421
Retained earnings	138,696,374	135,146,541	137,293,299	133,583,229
	139,969,795	**136,419,962**	**138,566,720**	**134,856,650**
Debt				
Lease liabilities	4,985,158	10,994,583	4,760,813	10,973,639
Interest bearing loans – Non-current portion	192,886,904	141,567,340	192,886,904	141,567,340
Interest bearing loans - Current portion	-	30,069,355	-	30,069,355
Bank overdrafts	18,900,315	23,612,164	18,900,315	23,612,164
	216,772,377	**206,243,442**	**216,548,032**	**206,222,498**

Further details on the Group's capital management are included in Note 37 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 and the Company without diluting the shareholders of the Company. Prudently, the Group and the Company has embarked on a restructuring/refinancing of its existing debt facilities aiming to ensure its long-term competitiveness and sustainability.

On 30 November 2021 the Group and the Company signed Standstill and Amendment Agreement with GEPF through its agent the PIC, its short-term facility lender AfriSam (Mauritius) Investment Holdings Limited (also the 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 in the ordinary course of business and regularise its working capital facilities over a period.

On 25 November 2021 the Company entered into a new 15-month term facility agreement of USD 5 million with its controlling shareholder Afrisam (Mauritius) Investment Holdings Ltd. On 29 November 2021 the Company renewed both its existing working capital facility agreements with Standard Chartered Banks Tanzania as well with the National Bank of Commerce for a period of 15 months. The working capital facilities and the new term loan from Afrisam Mauritius will be utilised for operational purposes in the ordinary course of business.



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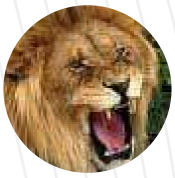
Key performance indicators
Key performance indicators (KPI), both financial and non-financial, are used by the directors to assess the Group's performance against its strategic objectives. These long-term strategy execution indicators include financial budgets, production volumes and efficiency targets, improved cost management, sustainable environmental performance, marketing innovation, human resources excellence and corporate social responsibility programmes.

Management of the KPIs
The Group does the following in managing the KPIs

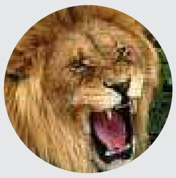
- A set of KPIs is proposed by management and aligned with the holding company's KPIs and approved by those charged with governance and communicated to the management.
- The managing director cascades a more departmentally focused set of KPIs down to the heads of department which aligns and contributes to the overall business KPIs.
- Periodic reviews of the KPIs are held at different levels of management to ensure that the Group's performance is monitored and corrective measures are promptly implemented.
- Solidifying our relationship with various stakeholders who can impact and are being impacted by the KPIs set to ensure success.
- Ensuring availability of critical resources and support to attain the set KPI targets.

The table below summarises some key performance indicators used by those charged with governance to monitor the performance of the Group against targets set for the 2021 financial year:

Key performance area	Strategic Objective	Key financial performance indicators	Performance aim	Performance measurement objectives
FINANCIAL& INTERNAL BUSINESS PROCESSES	Improve profitability	Earnings Before Interest, Tax, Depreciation and Amortisation	Increase	> .Fixed value per financial budget
		Debt to Earnings Before Interest, Tax, Depreciation and Amortisation ratio	Decrease	< .Fixed ratio of Total Net Debt to EBITDA per agreement with senior lender
		Net delivered selling price per ton of cement	Increase	> Fixed value per financial budget
		Total cement volumes sold (tons)	Increase	> Fixed quantum per sales budget
		Cost of production per ton	Decrease	< Fixed value per production budget



Key performance area	Strategic Objective	Key financial performance indicators	Performance aim	Performance measurement objectives
FINANCIAL& INTERNAL BUSINESS PROCESSES		Overtime % of normal hours worked	Decrease	< Fixed % of total normal employee hours worked per the human resources budget
		Third party services cost per ton of cement	Decrease	< Fixed value per production budget
		Third party services maintenance cost per ton of cement	Decrease	< Fixed value per production budget
	Execute best in class business processes	Average operational equipment efficiency (OEE) %	Increase	> Average % actual uptime as a ratio of total available uptime hours of major production units in line with international best standards
		Average mean time between failures (key equipment)	Increase	> Fixed value per production budget
		Clinker factor of cement	Decrease	< % Clinker used in the manufacturing of cement in line with international best standards
HUMAN CAPITAL	Inspiring and growing our people	Embedding the AfriSam Way and Let's Build culture	Increase	> Fixed group target % based on company culture survey questionnaires



SUSTAINABILITY	Being a responsible corporate citizen	Sustainability index matrix	Increase	> % Scoring on group sustainability audit with focus on: • Fatalities • Medical treatment injuries • Incidents reported late • Lost time injury free hours • Lost Time Injury Frequency Rate • Total Recordable Injury Frequency Rate • Lagging indicators – Hazards based on injuries • Leading indicators – Proactive Occupational Health & Safety management
		Lost time injury frequency rate (12 months rolling)	Decrease	< Frequency index of production hours lost due to injuries in relation to total employee hours worked in line with international and group best standards
		Total reportable injury frequency rate (12 months rolling)	Decrease	< Frequency index of reportable injury cases in relation to total employee hours worked in line with international and group best standards

Industry KPIs

There is no publicly available information from reliable sources that shows comparable industry averages for our KPIs since each manufacturing and distribution operation is unique in its manufacturing plant design, debt and capital structure, geographic location, availability and quality of raw materials requires as well as its distances from suppliers and to its key sales markets.

The Group performed relatively well on all key performance indicators during the year under review, achieving or bettering the KPI targets except on OEE % due to frequent breakdowns caused by instability of electrical power supply from the national utility.

17. THE GROUP'S OPERATING MODEL

The Group's operating model is a system of transforming inputs, through its operating activities, into outputs and outcomes that aims to fulfil the organization's strategic purposes and create value over the short, medium, and long term for all stakeholders.

A description the Group's operating model which cuts across the inputs, operating activities outputs and outcomes is given below:

Inputs

In the process of creating value for our stakeholders through the Simba Cement brand, the following are the key inputs that the Group depends on. The Group has categorised these inputs into four groups namely Raw Materials, Plant & Equipment, Energy, and Human resources.

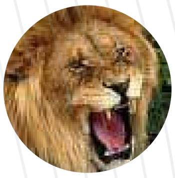
Raw Materials.

These are ingredients used in the production of both clinker and cement which are sourced from our own quarry and from various third parties.

Limestone

This is the main raw material used in the production of Simba Cement. The material is sourced from our own limestone quarry located at our Pongwe factory area alongside Korogwe road. It is extracted through a process of drilling, blasting and hauling it to the production plant using dedicated heavy duty mining equipment and vehicles.

Daily average volume mined is 6,400 metric tons which is equivalent to 2,304,000 metric tons per annum. This translates to TZS 46 billion value created per annum.



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Red soil/clay.
This material is also obtained from our own quarry. It is an important raw material input which contains alumina and iron oxide to act as a reagent in the production process of clinker.

Daily average volume mined is 900 metric tons which is equivalent to 324,000 metric tons per annum. This translates to TZS 4.8 billion value created per annum.

Iron Ore
The purpose of this raw material is the same as red soil. It is only used when the content of iron oxide in our own red soil is below the required standard. It is sourced from within the Tanga region from small scale miners. The average volume used per annum is 6,480 metric tons. This translates to TZS 712.8 million value created per annum.

Gypsum
Gypsum stones are sourced from the Kilimanjaro region. It is used in the final stage of milling clinker into cement in the production of Portland Cement. The main purpose of this raw material is to control the setting time of cement. The average daily consumption is 250 metric tons which is equivalent to 90,000 metric tons per annum. This translates to TZS 3.6 billion value created per annum.

Plant and Equipment
To align with its mission of mining, manufacturing, and distributing high quality cement consistently and providing related products and services in a sustainable manner, the company has installed the following major plant and equipment units:

i) Kiln 1 (TK1). This production unit was among the first plants to be installed in the country. It was commissioned in 1980. Its current clinker production capacity is 1,500 tons per day.

ii) Kiln 2 (TK2). This is a new integrated production unit which was installed and commissioned in 2016. Its current clinker production capacity per day is 2,500 tons. The installation of this new and modern production unit enables TCPLC to increase its clinker production capacity to more than 1.25 million tons per annum.

ii) Cement mill 1. This equipment was installed in 1980 together with Kiln 1. Its cement production capacity is 525,000 tons per annum.

iii) Cement mill 2. To address the increased market demand, TCPLC added an additional new cement mill which was installed and commissioned in 2010. This investment enabled the company to increase its cement grinding capacity to more than 1.25
million tons per annum.

iv) Cement packers. The company has installed three packers (Packer 1 & 2 in 1980, and Packer 3 in 2010). This expansion enabled the company to serve its customers more efficiently. The combined installed capacity is 4,000 ton per day which is equivalent to 1.4 million tons per annum.

v) Quarry fleet. These are heavy duty earth moving equipment employed at the quarry to drill, excavate, and haul raw materials for clinker and cement production.

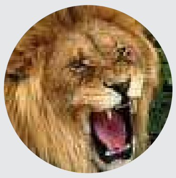
vi) Other Production Units – Plant and equipment installed at various stages of the production process:

    a. Crushers for crushing limestone into the required particle size,
    b. Red soil screen - Used to screen red soil from our own quarry.
    c. Stacker reclaimer - Used to mix red soil and crushed limestone to the required ratio.
    d. Raw mills - Used to grind crushed limestone and red soil into raw meal.
    e. Coal mills - Used to grind coal into the required particle size required for the thermal heating process of clinker production.
    f. Weigh bridges – The company installed four weighbridges for weighing trucks carrying both incoming raw materials and outbound cement and clinker to customers.

Energy.
The conversion of raw materials in the production of cement require high quantities of reliable sources of energy. We use diesel fuel, electrical energy and thermal energy in the manufacturing conversion process. Below are the details of our requirement as well as our consumption for each type of energy.

Thermal Energy (Coal).
This is the major source of energy we use in the clinker production process. Milled limestone and red soil (raw meal) are heated to 1,200 – 1,400 degrees centigrade to produce clinker in the kilns. Thermal coal is sourced locally from the Songea region. The average daily consumption is 500 tons which is equivalent to 180,000 tons per annum. This translates to TZS 50.4 billion of value added per annum.

Electricity.
Another source of energy employed by the company to run the production equipment, lighting and ancillary services is electrical energy supplied by the national utility TANESCO. Our minimum demand requirement to run the operations at maximum capacity is 24 megawatts. Our average monthly consumption is 12,000 kWh. The average annual spend on electrical energy was TZS 27.6 billion of value added.



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Diesel

TCPLC has employed dedicated heavy duty earth moving equipment for the hauling of materials from the quarry to the production plant. TCPLC has also installed backup generators for own emergency power generation during power dips, failures and planned power rationing. Our average daily consumption is 5,120 litres which is equivalent to 1.8 million litres per annum. This translates to TZS 4.1 billion of value created per annum.

Water

TCPLC uses water in various phases of the cement manufacturing process. Our average daily consumption of water is 20,000 litres which is equivalent to 7.2million litres per annum. This translates to TZS 727.2 million per annum of value added.

Human Resources.

Our greatest strength in our operation is our people. We demonstrate this through our company values which describes who we are and what matters to us. Our values of People, Performance and Planet are the centre of everything we do.

The Company had 257 (2020: 302) employees, of which 25 were female and 232 were male (2020: 31 females and 271 male). The Group had 258 (2020: 304) employees, of which 25 were female and 233 were male (2020: 33 females and 271 male).

Business activities

The principal operating/business activities of Tanga cement is production, distribution and sale of clinker and cement under the brand of Simba Cement.

a) Production

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

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

We manufacture the following cement products which are uniquely developed for different applications:

SIMBA BORA [CEM II/A-L, 42.5N] - This is a Portland Limestone cement using a limestone extension. It is a high strength class cement specially designed for the following construction applications:
Structures, structural and non-structural cast construction.

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

SIMBA IMARA [CEM II/B-M, 32.5 R] – This is a Portland composite. It is an ordinary strength and an all-purpose class cement which can be used in the following construction applications:

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

SIMBA BARABARA [CEM II/B-M, 32.5 N]- This 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, making it ideal for road construction.

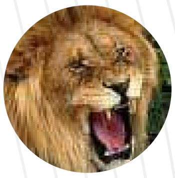
In the process of producing the above three brands of cement, we have divided our operation into three stages (sub-processes) as detailed below.

i. Raw Material Preparation.

   This is where the production process begins. It starts from the quarry where we drill, blast, load, haul and crush to get Limestone aggregates. Red clay (second component of raw materials) is excavated, loaded, screened, and stored for consumption in the plant. Crushed limestone and red clay are proportionally mixed and milled to produce raw meal.

ii. Pyrolysis process (Clinker Production)

   This is the second process where raw meal undergoes thermal degradation into smaller volatile molecules,



without interacting with oxygen or any other oxidants. The raw meal is homogenized and burnt by using thermal energy (Coal) in rotary kilns at 1,200 - 1,400 degrees centigrade to produce clinker which is cooled and stored in silos.

iii. Cement Production
From the storage silos, clinker is directed into cement mills together with other additives like gypsum and limestone for cement grinding. The composition for Simba Imara cement (32.5R) is 6% gypsum, 24% limestone and 70% clinker, while Simba Bora cement (42.5N) is composed of 6% gypsum, 14% limestone and 80% clinker, and Simba Barabara cement (32.5N) is composed of 6% gypsum, 26% limestone and 68% clinker. After cement grinding it is transported to cement storage silos and ready for being packed and distributed to customers.

b) Distribution
This process starts from where the customer places an order up to the point where customer receives the product. TCPLC has three automated rotary cement packers. They have the capacity to pack and dispatch 4,000 tons of cement daily in both normal 50 Kg bags or 1.5 ton jumbo bags as well as into bulk tanker trailers.

We two options for customers to select when ordering cement. It is either to collect ex-factory, or direct delivery to their premises. To continue serving our customers more efficiently, we have opened distribution depots (warehouses) in different regional locations across the country. This strategy made our products more accessible and affordable to smaller customers and distributors in remote locations relative to our main manufacturing location in Tanga.

We distribute our product on road, railway, and by sea (to Zanzibar).

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

c) Sales and Marketing
We have a robust sales and marketing support network throughout the six regions/zones where we sell cement (Central, Lake, North, South, Dar es Salaam, and Export) comprising of 37 Trade Development Representatives in all regions across our market.

We have a dedicated sales and marketing team whom ensures that the below values are delivered to our customers:

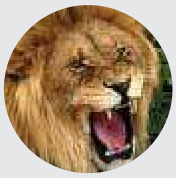
- Timely delivery of cement and after sales service
- roviding excellent services to meet customers' expectations.
- Monitoring changes in customer requirements, technologies and continuously improving the customer experience by developing innovative solutions to meet their specific needs
- Providing periodic statements to customers on paid and outstanding liabilities; and
- Engaging with customers through consultative meetings to educate and advise them on cement and concrete applications.

Responses to changes in requirements and innovation.
The Group aims to meet stakeholders' needs with innovative solutions and our superior experience in the cement and construction industry which is critical to maintaining a superior relationship with our customers, and other stakeholders.

For us to remain competitive in the market, the Group is always striving for excellence in everything we do. In that regard we have several operating policies and procedures that govern the way we operate like our quality policy.

The quality policy requires us to consistently provide product and services in line with the requirements of our customers. This quality policy guides the behaviour that aims to develop, implement, and maintain a culture of customer satisfaction. To achieve this, the following policy objectives have been defined:

- Management will provide employees with adequate resources to achieve their agreed 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 standards.
- Identify customer requirements, plan and implement their realisation, and measure our success in achieving 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 by communicating 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.

Output

The core business of Tanga Cement Public Limited Company is the manufacturing and selling the highest quality cement products to our customers. Simba Cement products (Simba Bora, Simba Imara and Simba Barabra).We have made a significant contribution to various infrastructure development projects in East African countries for the past four decades. Our customers have enjoyed the following benefit upon using our products.

Simba Bora (42.5N) benefit

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

Simba Imara (32.5R).

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 aggressive conditions.
- It is perfect for reducing the heat of hydration in mass concrete pouring applications.
- It improves concrete's resistance to chemical attacks.
- It makes concrete highly resistant to an alkali-aggregate reaction and is suitable for reducing the permeability of concrete in water retaining structures.
- It offers high workability which makes it easy to work with.
- It produces consistently good results

Simba Barabara (32.5N).

It improves the engineering properties of soil by reducing plasticity and enhancing the strength of road-based materials.

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

Apart from offering high quality products detailed above, we also offer excellent services such as well-connected distribution channels to ensure quick delivery at the lowest cost possible.

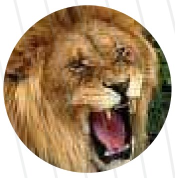
Also, we offer excellent customer service and after-sales support through our dedicated marketing and sales department.

Outcomes

In the processes of delivering our commitments to all our stakeholders, the below impacts/outcomes are created.

Positive outcomes:

Stakeholders	Outcomes
Customers	• Providing excellent services to meet and exceed customers' expectations. • Monitoring changes in customer requirements, technologies and continuously improving customer experience by developing innovative solution that meet their specific needs, • Providing periodic statements to customers on paid and outstanding liabilities • Engaging with customers through consultative meetings to educate and advise them on cement and concrete applications; and • Maintaining high quality relationships with customers and stakeholders
Regulators	• Comply with all applicable legislation, directives and guidelines which are issued from time to time. • Payment of taxes, royalties, rates and fees to relevant government departments. • Participating in various meetings aimed at fostering growth and investment in the manufacturing sector as well as cement supply in the country and in the East African region.

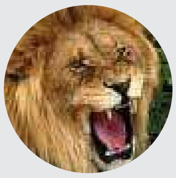


Stakeholders	Outcomes
Employees	• Transforming into an inclusive society through employment equity and gender equality. • The Group focuses on developing employees through training programs and skills upliftment to further their careers and improve products and services to customers. • Rewarding employees for the value they add. • Motivating and energizing the work force; and • Timely payments of employees' entitlements.
Shareholders	• Maintain communication with shareholders through timely public announcements on material developments in the business. • Making shareholders aware of the strategies being taken by management to improve performance and make profit.
Financiers	• During the year the Group maintained its good relationship with financial and non-financial lending institutions that provided loans and overdraft facilities. • The detailed information is under Note 30 of the notes to the consolidated and separate financial statements
Suppliers	• Fairness and transparency in tendering processes in accordance with the Tanzania Local Content Regulations and the Group's tendering procedures. • The use of ERP systems in processing purchase requisitions and purchase orders. • Monthly reconciliation of suppliers' accounts. • Honouring the payment terms agreed with suppliers.

Negative outcomes.
Our operation is prone to both safety and environmental risks such as dust emission, noise pollution, wastewater run-off etc.

The group has put policies and procedures in place that govern the way we manage safety and environmental issues. The policies address the following objectives:

- We accept Occupational Health and Safety (OHS) as an integral part of our competitive advantage where all stakeholders understand the relationship between profitability and OHS.
- We commit to the prevention of injuries and ill health and the continual improvement of our performance and systems which provides a framework for setting and reviewing OHS objectives and targets.
- We will achieve the highest levels of health and safety through active and competent risk management and the establishment of sound workplace practices.
- We comply with all legislation and regulations where applicable.
- We commit to train, develop, provide experience and skills to ensure our workforce acknowledges, understands, and manages hazards and risks associated with their work.
- 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.
- We openly engage and communicate with all interested and affected parties.
- We report all incidents, analyse root causes and employ best practices
- We shall review these policies regularly to ensure relevance and appropriateness



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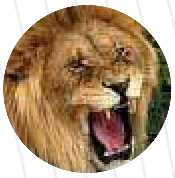
On top of having policies, the Group is managing safety and environmental issues in the following ways:

Issue	Actions taken
Dust Emission	• Timely replacement of filter bags in the process bag filter unit for rotary kiln no.2, coal mill no. 1 & 2, and cement mill no. 2.
Hygiene	• We have contracted highly qualified cleaners who are experienced in cleaning all types of premises from offices to production areas. • We provide hygiene awareness as well as conducting regular OHS inspections.
Noise Pollution	• Regular noise assessments, measuring noise levels, hearing protection for employees and the use of noise protection warning signs in all areas with high noise levels. • Frequent lubrication and better maintenance of all machinery. • Sound proofing, enclosing sources of noise and use of proper noise absorbents.
Safety	• Implementation of our OHS policy requirements. • Conducting Safety Health and Environmental (SHE) induction to employees, contractors, third party visitors at our manufacturing premises. • Effective use of baseline & pre-task risk assessment. • Implementation of the NOSA integrated SHE Management System. • Implementation of SHE Management System Standard Procedures. • The use of permits in all high-risk tasks/activities. • Effective implementation of energy isolation and lockout system. • Frequent SHE inspections by SHE representatives, SHE inspectors and management. • Top management ensures all SHE requirements are always adhered to. • Adequate supervision for all activities. • Proper incident management & investigations. • Employees' involvement & maintaining effective communication in all activities performed. • Ensuring all machinery are well guarded and in good working condition. • Daily SHE awareness to employees and contractors and weekly safety topics communication. • Conducting entry, interim periodic and exit medical examinations for all employees. • Always ensuring good housekeeping in all workplaces. • The use of personal protective equipment that are in good working condition. • Monthly and quarterly SHE meetings. • Proper contractor management. • Proper security system and access control. • Blood alcohol testing and monitoring system at all entry points to the premises.
Waste Disposal	• Hazardous waste such as oil filters and tube lights are disposed and incenerated in the kilns, • General waste is disposed at the landfill. • Other wastes like used oil and scrap metal are sold to registered vendors who are licensed by NEMC to collect such waste.
Sewage	The plant has a sewage system constructed to collect all sewage water generated from the plant and offices to a sewage treatment pond.
Wastewater	Wastewater is collected, treated and tested before it is discharged into the environment.



The Group consumes a lot of electrical and thermal energy which could have a negative impact to the environment. However, TCPLC has implemented the following energy saving initiatives and measures during the period under review.

- Energy Personnel – The Group has employed a word class professional energy management team constituted by the Head of Electrical & Automation, Electrical Superintendent, Plant Automation Superintendent, Power Plant Supervisor, Electrical Supervisor, Plant Automation Supervisor, Generator Operators, Electrical Technicians, Plant Automation Technicians, and Electricians.
- Lights - Replacement of normal lights with LED lights, fitted "switch off lights" signs in all offices, installed motion sensors to switch off lights automatically if nobody is present in the offices.
- Air Conditions are pre-set to common operating temperature of 23°C, fitted "switch off AC" signs in all offices, installed motion sensor to switch off air conditioners automatically if nobody is present in the offices.
- Plant lights – Ensures all lights at the manufacturing plant are powered by photocells.
- Restrict running of idle machines.
- Reduce consumption of compressed air by sealing all air leakages and implemented daily inspections of all compressed air systems.
- Use of Variable Speed Drives (VSD) to start electric motors which saves 25-30% of start-up power consumption in motors.
- Sealing of false air in process systems and ensure that kilns run without false air by monitoring false air indicators regularly.
- Installed electricity consumption and load monitoring meters in all factory units to which is controlled by the Manufacturing Management Integrated Systems (MMIS) which is outsourced software.
- Conduct regular staff awareness and training about the importance of saving energy and reduced use of other non-renewable resources.

18. BUSINESS OBJECTIVES AND STRATEGIES

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 has been able to achieve the below strategic objectives as set out in its five-year financial plan:

- 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.
  - Automation of the production process.
  - Strategic workforce planning and use of Trade Development Representatives in the market.
  - Automation of the production process.
  - Strategic workforce planning and use of Trade Development Representatives in the market.

The Group's stated objectives underpin the creation and preservation of shareholder value over the long-term.

19. TREASURY POLICIES AND OBJECTIVES

Overview

The Group's treasury policy defines the controls in place that are used to manage day-to-day risk. The controls include a mixture of preventative, detective, and corrective controls. The objective is to ensure treasury activities are undertaken in a controlled manner to minimise undue operational risk.

Key Risk Indicators (KRI) are defined in the Treasury Policy to measure the risk exposure, risk triggers, and risk appetite.

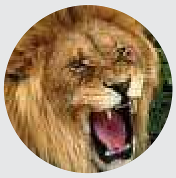
Objectives of the policy

- Compliance with relevant risk appetite
- Identification of new financial risks arising from operational activities
- Compliance with any regulatory requirements and any banking and loan covenants
- Availability of diverse funding and capital sources to support medium and long-term growth
- Sufficient liquidity and capital are set aside to protect against short-term stresses
- Excess funds (when available) are optimised for returns

Implementation of the policy

To comply with corporate governance, a performance management framework is often used to monitor the effectiveness of the Group's treasury policy.

The Board delegates authority and responsibility to the Audit Risk and



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Compliance Committee to monitor the effectiveness of the Group's treasury policy where the executives of the Group report relevant treasury related matters in the quarterly committee meetings.

The treasury related reports are reviewed and submitted by the Audit Risk and Compliance Committee to the Board on a quarterly basis for the Board's review and approval.

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

The effect of financing costs on the results for the year was a net charge of TZS 11.2 billion (2020: TZS 17.9 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 38 to the consolidated and separate financial statements.

20. 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 2021**	**Covenant Target Level**	**Compliance (Yes/No)**
1	Senior Debt Service Cover Ratio	2.1	>1.5	Yes
2	Total Debt Service Cover Ratio	1.5	>1.3	Yes
3	Debt to EBITDA	4.4	<5.0	Yes

As mentioned in section 16 above (Capital Structure), on 30 November 2021 the Company entered into a debt standstill agreement with the GEPF through its agent the PIC for a period of 15 months. The PIC further undertakes not to take any enforcement action against the Company nor to terminate the term loan facility during the standstill period and have waived the above financial covenants for the duration of the Standstill Period of 15 months.

21. RESULTS AND DIVIDENDS

The net profit for the year of TZS 3,549,833,000 (2020: net loss of TZS 2,112,061,000) has been added to retained earnings. Nonetheless the directors do not recommend the declaration of a dividend for the year.

Likewise, no interim dividend was paid during the year.

22. FUTURE PROSPECTS/DEVELOPMENT

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 manufacturing 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.

Projects to be continued or undertaken

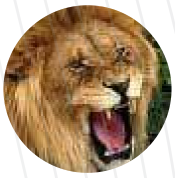
- Logistic optimisation through rail and roads;
- More use of the Trade Development Representatives in the market;
- Increase equipment reliability through:
  - o Investing more on the preventative maintenance.
  - o Perform timely corrective maintenance.
  - o Ensure availability of all critical spares in stores.
- Energy conservation to minimise production cost.

Capital expenditure plan

- To implement CAPEX budget for 20222 and monitor implementation of the CAPEX plan covered in the five-year financial plan.
- Deployment of technology by increasing automation and monitoring of the production equipment run at optimal efficiencies.

Benefits expected on the prospects and new developments

- From logistics optimisation the Group expects to reduce the transport cost which will eventually benefit the consumers through better pricing.



- The use of Trade Development Representatives in the market will help the Group to get timely and relevant information which will be used for proactive decision making.
- Availability of spares and proper maintenance schedules are expected to increase the Overall Equipment Efficiencies which is one of the KPIs of the Group.
- Energy conservation aligns with the group environmental policy on preserving the environment.
- CAPEX projects are expected to increase company's productivity.

  With the prospects and dedication, the Group has on implementing the projects, the overall result will be sustainable increase in operational efficiencies, costs reduction and consequently increase profitability in the medium and long-term.

Factors that can affect the implementation of the Group's projects/ new developments in the future

- Cashflow challenge to implement all CAPEX projects per the CAPEX budget and financial plan.
- Regulatory challenges when implementing projects that have a direct impact on the environment like energy conservation which will need to be approved by various government ministries and authorities.
- Increase in the cost of production because of an increase in fuel prices which are used in production process.
- Scarcity of sufficient transport trucks because of the truck owners demanding higher transport rates.
- Availability of rail wagons and locomotives in optimising rail transportation as well as conditions of the rail tracks.
- Availability of spares because of global challenges and backlogs with shipment which is mainly caused by the impact of COVID-19 and the war between Russia and the Ukraine.
- Power fluctuations because of unreliable power supply from TANESCO due to drought that has reduced national water levels, especially in the Pangani river basin

Our response to the factors that can affect the implementation of the Group's projects/new developments

- Proper planning and management of cashflow.
- Work closely with the regulatory authorities in all projects to be implemented to get approvals and clearances beforehand.
- Sign long term contracts with selected strategic transporters and the Tanzania Railway Corporation to contain the cost and reliability of transportation.
- Continued cost management initiatives to ensure improved efficiencies in the production process.
- Secure alternative sources of spares and critical raw materials to ensure continuity and stability of supply.

23. STAKEHOLDERS RELATIONSHIP

The Group believes that the stakeholders are what make its existence. Several measures have been taken to institute a responsible behaviour to all stakeholders of the Group. These measures include, but are not limited to establishing stakeholders' alignment map, stakeholders' engagement plans through meetings, seminars, workshops and improving customer services throughout East African Market.

Before making its decisions, the Board considers the interests of all stakeholders and ensures that engagement with stakeholders is deliberate and planned and that communication is always transparent and effective.

Among others the Group has identified seven (7) categories of key stakeholders; the Government (Regulators), Employees, Shareholders, Financiers, Suppliers, Customers, Society.

Government (Regulators)

The Group complies with a wide range of legislations, directives and guidelines which are issued from time to time by the Government through its Ministries, entities and regulators like, Tanzania Revenue Authority, Mining Commission, Local Government Authorities in all areas we operate, Fair Competition, Dar es Salaam Stock Exchange, National Environmental Management Council and others.

Value we create

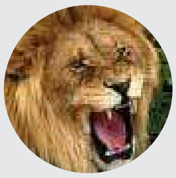
- Payment of taxes, royalties, rates and fees to relevant Government Departments.
- Participating in different meetings aiming at fostering the growth of manufacturing sector as well as cement supply in the country and in the East Africa region.

Employees

Employees are ones who handle operations from production, distribution and sale of manufactured products. They are therefore key to make the Group the best place to work. They should find working for Tanga Cement Plc an inspiring and a place for elevating personal experience and consequently accept co-responsibility for the development of each employee to the full potential. Together with efficient and value-creating solutions, services and operations offer value to our customers. Career progress is based on the individual initiative towards the fulfilment of their responsibilities complemented by the Group.

(a) Key concerns

Employees wants friendly, safe and conducive working environment, defined career progression, better salary and benefits, motivation



and recognition, opportunities to contribute to the society.

Source: Employees culture survey conducted by the Group.

(b) Value we create

- Transforming into an inclusive society trough employment equity and gender equality;
- The Group focuses on developing employees through training programs and skills upgrading to further their career and improve services rendered to customers;
- Rewarding employees for the value they add;
- Motivating and energizing the work force; and
- Timely payments of employees' entitlements.

Shareholders

The group understands its responsibilities towards all who have injected capital. Among others the group does have Annual General Meeting with its shareholders as well as maintaining communication to its shareholders through publications that are being done in accordance with the listing rules and other laws of the country.

(a) Key concerns

Shareholders are concerned about the group's inability to pay dividends.

Source: Annual General Meeting held in 27 November 2020.

(b) Value we create

Maintain communication with shareholders including giving out clarification on the reasons for the dividends not being declared and paid. And making the shareholders aware of the strategies being taken by the Management to improve performance and make profit.

Financiers

During the year the group had relationship with financial and non-financial institutions that provided loan and overdraft facilities. The detailed information is under Note 30 of the Notes to the consolidated and separate financial statements.

Suppliers

Are stakeholders who provides goods and services to the Corporation are closely monitored to ensure they deliver required or ordered goods and services.

(a) Key Concerns

Transparent and fair procurement process of goods and services; Receiving feedback on delivered goods and rendered services; and

Timely settlement of suppliers' invoices.

Source: Various meetings held with suppliers and email correspondences.

(b) Value we create

- Fairness in tendering processes in accordance with the Tanzania Local Content Regulations and Group's tendering procedures.
- The use of ERP in processing purchase requisitions and purchase orders.
- Monthly reconciliation of suppliers' accounts.
- Sticking to the payment terms entered with suppliers which is 30 days from the date of the invoice.

Customers

The Group aims at meeting customers' needs with innovative solutions and superior experience is critical to maintaining high-quality relationship with our customers.

(a) Key Concerns

Timely delivery of cement and after sales service especially on the quality of cement after bricks making or construction strength.

Source: Customers' survey and complaint forms and meetings.

(b) Value we create

- Providing excellent services to meet and exceed customers' expectations.
- Monitoring changes in customer requirements, technologies and continuously improving customer experience by developing innovative solution that meet their specific needs;
- Providing periodic customers' statements on settled and outstanding liabilities; and
- Engaging customers through consultative meetings for education and advisory matters.

Society

This is the communities in all the areas we operate in, be it in the production plant or areas we sell our products in. The Group aims to meet societal needs with innovative solutions to attain sustainable socio economic development.

(a) Key Concerns

Access to our corporate social investment projects as well as getting access to employment opportunities with or for the Group.

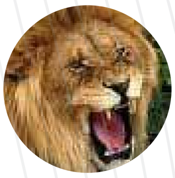
This has been determined during periodic meetings with the local government authorities while doing our corporate social investment planning for the budget year ahead in accordance with the Mining Act.

(b) Value we create

- Agreeing on key areas of corporate social investment with local communities through the local government authorities where we can contribute.
- Implementing the corporate social investment as per the annual budget and plan.

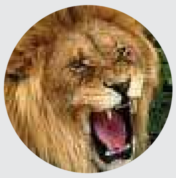
24. RESOURCES

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 summarised below:

Type	Name of the resource	Activities undertaken by the Group to create and sustain value	Effects on the Group's activities	Factors affecting availability, quality, and affordability of the resource	Our response
Natural resources	• Limestone • Red soil • Gypsum • Pozzolana	Mining of the natural resources. Hauling the mined materials to the plant. Crushing and milling the materials. Feed milled material into the production process for the production of clinker and cement. Preparing and implementing the mining plans for the sustainability of supply. Doing site rehabilitation and conserving the environment.	Proper mining activities per the mine plan. Increase productivity. Environmental protection as a result of the consciousness towards environment.	Mineral occurences which makes it difficult to get consistent quality. Concerns about environmental protection. Depletion of the minerals as non-renewable resources.	Developing sustainable mining plans using geologists and mining engineers. Developing and abiding to our environmental policies and procedures on the preservation of natural resources. Mining development activities based on the quality of occurrences of the minerals.



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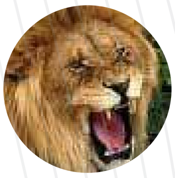
Type	Name of the resource	Activities undertaken by the group to create and sustain value	Effects on the Group's activities	Factors affecting availability, quality, and affordability of the resource	Our response
Energy resource	• Coal • Electricity • Fuel (Diesel and Kerosene)	• Focus on efficiency of the energy consumption. • Proper handling of coal and fuels to avoid environmental pollution and accidents when transported, stored and consumed. • Safety measures against the use of electrical energy to mitigate risk of accidents.	• Efficiency use of energy sources in production process. • Safety record with no accident/ incidents caused by the handling of energy sources.	• Non-renewability of the energy resources. • Safety measures in handling the sources. • Distance from the only source of coal which is in Songea adding extensive cost through the transportation by road. • Power fluctuations as a result of the ongoing drought which lowered the national water levels. • Global fuel price increases.	• Developing and adhering to our environmental policies and procedures on the natural resources protection. • Signing long-term contracts with strategic transporters and coal suppliers to contain the increase in cost associated with supplying coal. • Strong focus on energy efficiency across our production processes.
Financial resources	• Equity that grew from TZS 136b in 2020 to TZS 139b in 2021. • Available overdraft facilities of USD 4m from Standard Chartered Bank, TZS 10b from NBC Bank and a USD 5m term loan from the controlling shareholder Afrisam Mauritius.	• Financing the working capital of the Group. • Financing the capital expenditure of the Group	• Sustainable and sooth running of all operations. • Settlement of outstanding balances on time.	• Interest rates associated with the debt facilities. • Market dynamics which shifted the cement sales business to credit sales and not cash sales.	• Negotiations with the lenders on the terms and interest rates charged on borrowing facilities. • Enforcing stringent credit control procedures with customers.
Human resources	• 257 employees. • 8 Key management personnel with sufficient experience and competence. • Competent and experienced board of directors. • Contractors working for the Group.	• Training and development programs. • Competitive salary packages. • Taking care of employees safety and wellbeing. • Employee engagement activities.	• Employees' improved morale. • Improvement in employees' productivity. • Lower employee turnover ratio. • Improved skills of employees. • Good health and safety record. • Committed and skilled personnel	• Location of the manufacturing plant is not optimal for most of the working population. • Sufficient experience especially on getting experienced engineers in the cement industry. • Turnover of some employees especially from finance department to work in preferred locations.	• Invest in employees' skills development through training and coaching sessions. • Offering attractive remuneration packages and facilitate amenities which will motivate employees to work in Tanga.



Type	Name of the resource	Activities undertaken by the group to create and sustain value	Effects on the Group's activities	Factors affecting availability, quality, and affordability of the resource	Our response
Intellectual resources	• Equipment control software. • Mining licenses. Standard operating procedures.	• Automation of the equipment control and monitoring. • Mining activities of raw materials from the mining licenses held. • Efficiency and effectiveness in running operations using operating policies and procedures.	• Cost saving through automation of the equipment control and monitoring. • Reliability of supply of key raw materials from our mines. • Standardisation in our operational processes	• Challenges with plant automation software and control equipment. • Environmental conservation concerns. • Ever-changing business and digital environment which may render some of the policies outdated.	• Have experienced engineers to do trouble shooting when there is production challenges. • Developing and abiding to our environmental policies and procedures on protection of natural resources. • Continuous review and update of all policies and procedures.

25. STRENGTHS AND OPPORTUNITIES

In addition to the resources identified above the Group capitalises on the following strengths and opportunities:

Strategic location

The Group's manufacturing operation is located where there is an abundant source of proven high-quality limestone and red soil reserves which ensures stability of long-term supply of these critical raw materials.

Access to key cement and clinker transport systems

The company has access from the plant to both the main roads and railway transportation network as well as to the Tanga seaport.

Brand

The Simba Cement brand is very strong and preferred by customers and consumers in the market.

Quality of clinker and cement produced

Feedback received from customers and construction companies for strategic government infrastructure projects, supported by independent laboratory test results, the quality of Simba Cement for both cement and clinker is commendable.

Corporate governance principles

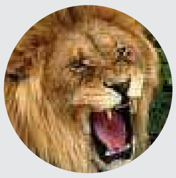
The Group has a sound system of corporate governance which is being adhered to from those charged with governance to all employees, contractors and consultants who interact with the Group.

Quality relationship with key stakeholders

Our relationship with employees boosts their morale and productivity. We engage in regular constructive and ethical engagements with regulatory authorities and with government We have fostered a mutual trust relationship with suppliers and lenders in accordance with the agreements in place, as well as employing a customer centric focus. All these relationships have been a beneficial and constructive for all stakeholders.

26. LIQUIDITY

During the financial year ended 31 December 2021, the Group managed its liquidity level to ensure there is sufficient funds to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation. This was achieved through prudent liquidity management which includes maintaining sufficient cash and cash equivalents and striving to ensure that receivables



are settled within credit period of 30 days.

The Group current ratio for the financial year ended 31 December 2021, which measures the ability of current assets to meet short term obligations (current liabilities) was 1.5 times (31 December 2020: 0.6 times). Moreover, the acid (quick) test ratio which also measure the ability of current assets, without inventories, to meet short-term obligations (current liabilities) was 0.5 times (31 December 2020: 0.2 times). Thus, the Group's Liquidity gap which is the excess of current assets over current liabilities for the financial year ended 31 December 2021 was TZS 30 Billion (31 December 2020: TZS (40) Billion). Both, the current ratio and liquidity gap reveal that in 2021 the Group was able to fund its current liabilities when due.

Level of borrowing

	Group		**Company**	
	2021 TZS' 000'	**2020 TZS' 000'**	**2021 TZS' 000'**	**2020 TZS' 000'**
Lease liabilities	4,985,158	10,994,583	4,760,813	10,973,639
Interest bearing loans – Non-current portion	192,886,904	141,567,340	192,886,904	141,567,340
Interest bearing loans - Current portion	-	30,069,355	-	30,069,355
Bank overdrafts	18,900,315	23,612,164	18,900,315	23,612,164
	216,772,377	**206,243,442**	**216,548,032**	**206,222,498**

The maturity profile and undrawn committed borrowing
The information regarding the maturity profile and undrawn committed borrowing are discussed in Note 30 to the consolidated and separate financial statements.

Ability of the Group to fund its current and future operations
Management and the directors have taken the necessary actions and made arrangements to restore liquidity and ensuring that 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 course of business. The details of these actions are detailed in Note 43 to the consolidated and separate financial statements.

Compliance with borrowing covenants
The company has entered into borrowing agreements with certain covenants which is detailed under section 20 of this report of those charged with governance on the company's compliance with the covenants in borrowing agreements.

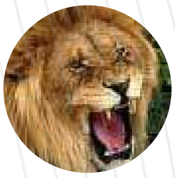
Liquidity management process

Among others, the implementation of the Group's liquidity policy includes the following processes:

- Daily working capital management.
- Preparation of the weekly cashflow forecast.
- Monitor the liquidity management ratios and take corrective actions where applicable.
- Implementation of credit control procedures to manage overdue customers' balances.
- Working closely with the banks and senior lender in implementing liquidity strategies.

27. CASH FLOWS

During the financial year
Cash generated from trading activities decreased by 58% from TZS 48 bn recorded in 2020 to TZS 20 bn in 2021. Net cash flows from operations decreased by 57% from TZS 43 bn recorded in 2020 to TZS 18 bn in 2021. This decline was attributed to by a 13% decline in operating profit due to once-off non-recurring expenses such as restructuring expenses, maintenance costs incurred to stabilise the production processes and rationalisation of the quarry mining operations to a more cost-effective outsourced solution, as well as an increase in trade and other receivables by TZS 11 bn, increase in inventories by TZS 5 bn, and an increase in contract liabilities.



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 38 to the consolidated and separate financial statements.

28. 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. The detailed assessment of the management and Board's assessment of the Group and Company's going concern is provided in Note 43 to the consolidated and separate financial statements.

29. 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.

30. ACQUISITIONS AND DISPOSALS

There were no material acquisitions or disposals of investments during the current year.

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

31. 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. 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 2021 there was no impairment of the investment in the subsidiary. Further information is presented in Note 20 to the consolidated and separate financial statements.

32. 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. 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.

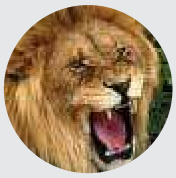
Training facilities

The Group encourages and values all employees to improve their knowledge, skills, and qualifications. The Group believes that skilled, competent, and high performing employees will enable the business to achieve its performance objectives.

To identify training and development needs for individuals and teams, the Group has promoted the establishment of a comprehensive training and development program which is aligned to the achievement of our business objectives. The Group recognises training and development of employees as a joint responsibility shared by individual employees, line managers and the Group.

The Group facilitates training and development of employees through inductions, classroom training, on the job training, e-learning, coaching and mentoring as well selected executive education courses.

During the year, the Group spent TZS 128 million for staff training in order to improve employee technical skills and effectiveness (2020: TZS 83 million). Programs have been, and continue to be, developed to ensure that employees are adequately trained at all levels.



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FOR THE YEAR ENDED 31 DECEMBER 2021 - *(Continued)*

Medical scheme
All employees with up to four dependants each are covered under the Group's medical insurance scheme. Currently these services are provided by Strategis Insurance (Tanzania) Limited.

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 2021.

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.

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.

Employees' 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.

Employees' 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.

Employees' performance management and development
The Group has in place employees' performance management and development system which aims at strengthening the calibre of its employees to improve business performance. The system is being used to evaluate employees' performance against set and agreed objectives. The system forms the basis for providing employees with performance feedback, recognition, development, and a corrective action plan to promote effective performance.

The performance management system is an integrated process with full participation of managers and staff in both setting and reviewing of performance objectives. The review is done annually where the line kanager and the subordinate meet to review the performance for the period with formal feedback. The performance assessment results form a valuable component of employees' reward. However regular informal feedback to employees are encouraged.

Employees' selection and recruitment
Recruiting and selecting the best people is of paramount importance to the continued success of the Group to meet its operational demands and support future business success.

The Group has a recruitment and selection procedure which sets out the requirements that need to be considered when recruiting job candidates, ensuring that the best people with suitable skills, knowledge and attitude are recruited into the organisation as far as possible and that the recruitment process is free of bias and complies to all applicable laws of the United Republic of Tanzania.

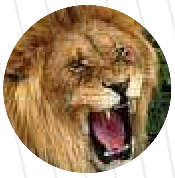
The Group has a strict anti-nepotism policy.

Annual leave
The Group recognises the value of employees taking annual leave to renew their vitality and to balance work and family life.

The company expects compliance with all legislative and procedural requirements of leave from both employees and management for orderly and fair application of the procedure.

The Group has a policy in place which entitles all permanent and fixed term contract employees 30 calendar days leave per 12 months cycle of which at least 14 days must be taken as an unbroken period.

Grievance handling
The Group has a policy in place which is intended to ensure that it acts reasonably fair and consistently in the case of an aggrieved employee. To employees, this policy provides the framework and mechanisms to discuss and possibly resolve a



problem, complaint or grievance they may have.

Management ensures prompt handling of grievances by providing a fair opportunity to all parties to discuss any potentially disruptive issues and find a resolution as close to the source or origin as possible.

Wellness
The Group has a policy in place which ensures uniform and fair framework for addressing HIV and AIDS as well as growing threat of Non-Communicable Diseases (NCDs) at the workplace and comprehensive management of employees living with HIV and AIDS and their co-workers.

The policy is based on the fundamental principles of human rights and patients' rights, International Labour Organisation principles as contained in the code of practice on HIV and AIDS and the workplace, the Tanzania National AIDS policy (2013), medical and occupational health ethical principles, prudent business practice and human and compassionate attitude towards individuals.

The Group also has a gym facility where employees are encouraged to go for physical exercises.

Maternity
The Group has a policy which outlines the benefits and obligation relating to maternity to ensure consistency of implementation in line with the relevant legislation and the Group's commitment to good employment practice.

33. TALENT MANAGEMENT AND SUCCESSION PLANNING

Recruiting, selecting, and retaining the best people is of paramount importance to the continued success of the Group to meet its operational demands and support future business success. The Group has a policy in place which governs the techniques and acquisition and management of the best talents for the prosperity of the operations.

It is the responsibility of the Board to ensure that the Group has developed a succession plan for the executive directors and senior management as well as receiving and considering the report from the Remuneration and Nomination Committee on the review of the Board composition, structure, and succession. The succession planning are prepared by the respective departmental managers.

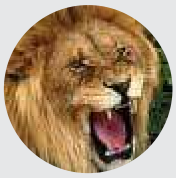
34. GENDER PARITY AND DIVERSITY

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 257 (2020: 302) employees, of which 25 were female and 232 were male (2020: 31 females and 271 male). The Group had 258 (2020: 304) employees, of which 25 were female and 233 were male (2020: 33 females and 271 male).

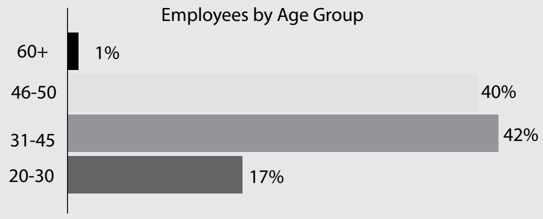
The tables below show the percentage composition in terms of gender, nationality and age.

Gender	**2021**		**2020**	
	Female	**Male**	**Female**	**Male**
Senior management	13%	87%	13%	87%
Management	10%	90%	8%	92%
All employees	10%	90%	10%	90%

Locals Engagement	**2021**		**2020**	
	Local	**Expatriate**	**Local**	**Expatriate**
Senior management	57%	43%	57%	43%
Management	100%	0%	100%	0%
All employees	98%	2%	98%	2%



The average age of Tanga Cement employees is 43 years. We continue to maintain an age-diverse productive workforce because each generation possesses its own unique skillsets for Tanga Cement.



35. POLITICAL DONATIONS

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

36. ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Group remains conscious of Environmental, Social and Governance issues and has identified better ways of measuring what the group has been doing.

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

One of the company's values is Planet. With this value the Company demonstrates how we are responsible to the community and environment for the benefit of future generations. We accept environmental matters as an integral part of our competitive advantage where all employees and other stakeholders understand the relationship between profitability and our planet.

Tanga Cement PLC is certified by the Ministry of State, Vice President's Office Union, and Environment under Section 92(1) of the Environmental Management Act No. 20 of 2004 after having conducted an Environmental Impact Assessment. The Company complies with all regulations for environmental protection and conservation.

The Company's environmental management performance was good during 2021. The ISO 14001:2015 surveillance audit was conducted in March 2021 by SGS Tanzania. The audit was successful with a recommendation to continue with our practices which supports the certification achieved. An annual environmental audit was conducted on TCPLC's production plant and at the Holili quarry by Safe Work Environment Consultants (SWE) as part of the legal requirement.

As part of our progressive environmental conservation program in 2021, Tanga Cement Plc managed to plant 10,000 teak trees in its nursery. These teak trees will be re-planted in one of our community areas identified in 2022 during the rainy season.

Our Environmental Management System has continuously ensured the protection of the environment. We have always been proactive towards environmental impact consequences from our operations, with only dust emissions recorded above the TBS limit of 50mg/Nm^3 in 2021, but below the aggregated limit over an extended period

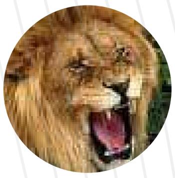
The corporate social investment done by the group during the year and in 2021 are detailed point 38 below.

37. QUALITY MANAGEMENT

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

The Group's quality policy requires us to consistently provide products and services in line with the requirements of our customers. This quality policy guide behaviour that aims to develop, implement, and maintain a culture of customer satisfaction. To achieve this, the following policy objectives have been defined:

- Management will provide employees with adequate resources to achieve their agreed 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 standards.
- Identify customer requirements, plan and implement their realisation, and measure our success in achieving 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 by communicating 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.



38. 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 28 million (2020: TZS 87 million) towards various corporate social investment initiatives.

Breakdown of the projects and amount the Group supported

Year	2021	2020
Environment project	3,760,188	6,871,980
Education projects	15,000,000	37,933,450
Healthy projects	2,300,000	11,234,000
Community development projects	6,510,859	30,885,324
Total	**27,571,047**	**86,924,754**

How the projects are being determined and undertaken

In executing the Corporate Social Investment projects the Group partners with respective local government authorities and responsible organs of state to determine areas of support required and remaining compliant with the requirement of the Mining Act 2010 with regards to the execution of the CSI projects.

39. SECRETARY TO THE BOARD

The appointment of the Company Secretary is made on the recommendation of the MD and must be approved by 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.

40. COMPLIANCE WITH LAWS AND REGULATIONS

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

41. STATEMENT OF COMPLIANCE

The Report by those charged with governance has been prepared in compliance with the Tanzania Financial Reporting Standard No. 1 "TFRS 1" (The Report by those charged with governance).

TFRS 1 is effective from 1 January 2021 following the approval of the Governing Board of the National Board of Accountants and Auditors ("NBAA") of the issuance of the revised version revision during its 182nd meeting held on 22 June 2020.

42. RELATED PARTY TRANSACTIONS

A related party is a person or entity that is related to the Group and a related party transaction is a transfer of resources, services, or obligations between the Group and its related parties.

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions with non-related third parties.

The related party transactions and balances are disclosed in Note 35 to the consolidated and separate financial statements. The directors' emoluments have also been disclosed in Note 35 to the consolidated and separate financial statements.

43. SERIOUS PREJUDICIAL MATTERS

In the opinion of the directors, there are no serious unfavourable legal matters that can affect the Group or Company (2020: Nil).

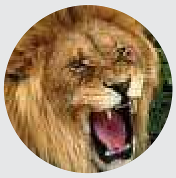
44. PROGRESS ON PROPOSED ACQUISITION BY SCANCEM INTERNATIONAL DA

Shareholders are referred to the announcement regarding the proposed acquisition by Scancem International DA of 68.33% of the shares in Tanga Cement PLC from Afrisam Mauritius Investment Holdings Limited on 27 October 2021.

Shareholders are further referred to the joint announcement made by HeidelbergCement AG ("HeidelbergCement") and AfriSam Mauritius Investment Holdings Limited ("AfriSam") on 26 October 2021, 1 July 2022, and announcement by Tanga Cement PLC made on 7 October 2022.

As at the date of this report members are advised that on 23 September 2022, the Fair Competition Tribunal ("FCT") informed Tanga Cement and Scancem of its decision in relation to the appeals led by (i) Chalinze Cement Limited and (ii) Tanzania Consumer Advocacy Society against the merger clearance certificate (with conditions) issued by the Fair Competition Commission ("FCC") in relation to the Acquisition dated 6 April 2022 ("Conditional Approval"). The FCT held that the Conditional Approval should not have been granted by the FCC and declared it void. This informal ruling of the FCT means that the Acquisition cannot proceed until the requisite outstanding approval is obtained. HeidelbergCement and AfriSam are considering how to proceed, but the FCT ruling has placed the Acquisition at great risk of not being implemented.

The parties are awaiting the formal ruling from the FCT and will then seek appropriate advice in this regard. The parties continue to be convinced of the Acquisition's benefits to the Tanzanian economy and its consumers. The Acquisition has received formal letters of support issued by the employees of Tanga Cement and their labour union representatives. Furthermore, the transaction is well aligned with the Tanzanian government's investment drive and the parties believe that it



THE REPORT BY THOSE CHARGED WITH GOVERNANCE
FOR THE YEAR ENDED 31 DECEMBER 2021 - *(Continued)*

will benefit the country in its large infrastructure investment program. Conversely, the purported interest of the appellants in the transaction has not become clear in the proceedings before the FCT.

The Board of Directors of Tanga Cement have been informed that the parties to the SPA have concluded an addendum to the SPA on 30 September 2022 in terms of which the Longstop Date has been further extended from 30 September 2022 to 16 January 2023 or such later date as the parties may agree. In terms of this addendum, the enterprise value has been set to an aggregate amount of USD 155 million for Tanga Cement. This translates to an indicative price of TZS 2,265 per Tanga share. It is important to note that material uncertainty exists currently on the final Acquisition Price, which remains subject to adjustments related to debt, working capital, other expenses and other potential adjustments post-closing.

45. EVENTS AFTER REPORTING PERIOD

Information on events after the reporting period are provided in Note 45 to the consolidated and separate financial statements.

46. AUDITOR

Details

The information of the Group's auditors for the period covered by the report is:

Ernst & Young
4th Floor, Tanhouse Tower
Plot 34/1 – Ursino South
New Bagamoyo Road
P.O. Box 2475, Dar es Salaam, Tanzania
Tel: +255 22 292 7868 | Fax: +255 22 292 7872
Website: http://www.ey.com
Firms' registration Number: 151
TIN number: 100-149-222

The engagement partner who was in charge of the audit of the Group during the period has PF Number: FCPA 867.

Appointment process

The process of appointing the Group's External Auditor is done in accordance with S.170 and 174 of the Companies Act, 2002 and in accordance with the Group's Board Charter.

Ernst & Young served as an External Auditor in 2021 following the re-appointment that was done during the Tanga Cement Plc's Annual General Meeting in 2020.

Appointment for 2022

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 2022 financial year will be tabled for shareholders' approval at the next Annual General Meeting.

47. RESPONSIBILITY OF THE AUDITOR

The Auditor is responsible with providing assurance of the correctness and consistency of all information contained in the report by those charged with governance with those provided in the financial statements.

48. RESPONSIBILITY BY THOSE CHARGED WITH GOVERNANCE

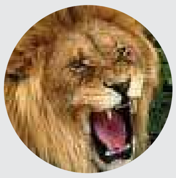
It is the responsibility of the those charged with governance to prepare financial statements of the Group which show a true and fair view in accordance with applicable standards, rules, regulations, and legal provisions.

This responsibility covers the period from the beginning of the financial year to the date those charged with governance approved the audited financial statements and covers all those charged with governance who acted in this capacity during any part of the period covered by financial statements.

Approved by the Board of Directors on 25 March 2022, and signed on its behalf by:

L Masha
Chairperson
25 March 2022

R Swart
Managing Director
25 March 2022



STATEMENT OF THOSE CHARGED WITH GOVERNANCE RESPONSIBILITIES AND APPROVAL

FOR THE YEAR ENDED 31 DECEMBER 2021

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.

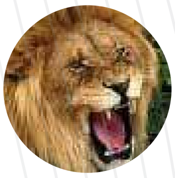
The directors are of the opinion that the consolidated and separate financial statements present fairly the state of the financial affairs of the Group and the Company and of the consolidated and separate profit or loss. The directors further accept responsibility for the maintenance of accounting records 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.

Signed on behalf of Those charged with governance by:

L Masha
Chairperson
25 March 2022

R Swart
Managing Director
25 March 2022



DECLARATION BY THE HEAD OF FINANCE

FOR THE YEAR ENDED 31 DECEMBER 2021

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.

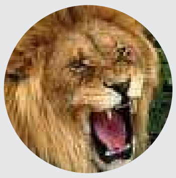
I, Pieter De Jager, being the Chief Financial Officer of Tanga Cement Public Limited Company hereby acknowledge my responsibility of ensuring that the consolidated and separate financial statements for the year ended 31 December 2021 have been prepared in compliance with International Financial Reporting 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.

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

Pieter De Jager
Chief Financial Officer

NBAA Membership No. 2830
25 March 2022



INDEPENDENT AUDITOR'S REPORT

To the shareholders of Tanga Cement Public Limited Company

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Opinion

We have audited the 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 70 to 156, which comprise the consolidated and separate statements of financial position as at 31 December 2021, 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 2021, 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.

Material Uncertainty Related to Going Concern

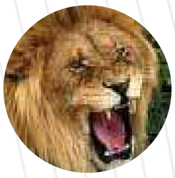
We draw attention to Note 43 in the consolidated and separate financial statements which indicates that the Group and the Company haves significant loan repayment obligations falling due in the foreseeable future and which require repayment moratoria, restructuring or refinancing if the Group and the Company are to sustain their business for the foreseeable future. As stated in Note 43 in the consolidated and separate financial statements, these events or conditions, along with other matters as set forth in Note 43, indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as going concerns. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the Material uncertainty related to going concern section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matters 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.

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.

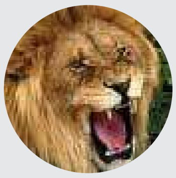


To the shareholders of Tanga Cement Public Limited Company

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)

Key Audit Matters (continued)

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 2021. 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 30 and Note 43, 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.	• Reviewing the Company's debt covenant calculations and evaluating compliance with the applicable debt covenants as of 31 December 2021. • 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..



INDEPENDENT AUDITOR'S REPORT

To the shareholders of Tanga Cement Public Limited Company - *(Continued)*

INDEPENDENT AUDITOR'S REPORT (Continued)

To the shareholders of Tanga Cement Public Limited Company

REPORT ON THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS (Continued)

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.

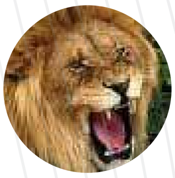
Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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



INDEPENDENT AUDITOR'S REPORT

To the shareholders of Tanga Cement Public Limited Company - *(Continued)*

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.

  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.

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.

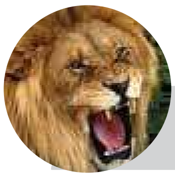
iv. Information specified by law regarding directors' remuneration and transactions with the Group and the Company is disclosed; and

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.

CPA Joseph G Sheffu (FCPA 867)
Partner
For and on behalf of Ernst & Young
Certified Public Accountants

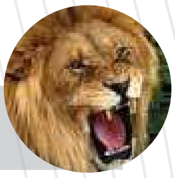
Dar es Salaam, Tanzania
Date: 31 March 2022



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

FOR THE YEAR ENDED 31 DECEMBER 2021

		Group		Company	
		2021	2020	2021	2020
	Notes	TZS'000'	TZS'000'	TZS'000'	TZS'000'
Revenue from contracts with customers	5	230,781,686	212,512,260	230,781,686	212,512,260
Cost of sales	6	(169,119,733)	(158,330,527)	(169,119,733)	(158,330,527)
Gross profit		**61,661,953**	**54,181,733**	**61,661,953**	**54,181,733**
Other income	7	207,789	431,111	164,609	398,767
Other expenses	7	(4,803,075)	(253,749)	(4,803,075)	(253,749)
Selling expenses	8	(3,276,423)	(2,992,108)	(3,276,423)	(2,992,108)
Administration expenses	9	(19,722,025)	(14,267,040)	(19,592,482)	(14,200,953)
Depreciation charge	10	(19,238,837)	(19,934,278)	(19,261,948)	(19,939,297)
Decrease in expected credit losses	10	129,359	91,363	241,297	34,212
Operating profit		**14,958,742**	**17,257,032**	**15,133,931**	**17,228,605**
Interest expense	11	(12,196,229)	(14,718,662)	(12,201,543)	(14,720,077)
Finance income	12	1,221	5,056	1,221	5,056
Foreign exchange and fair value gain/ (losses)	13	1,003,681	(3,176,681)	996,351	(3,190,084)
Profit/(loss) before tax		**3,767,415**	**(633,255)**	**3,929,960**	**(676,500)**
Income tax charge	14(a)	(224,442)	(1,478,807)	(219,889)	(1,478,807)
Profit/(loss) for the year		**3,542,973**	**(2,112,062)**	**3,710,071**	**(2,155,307)**
Other comprehensive income					
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods (net of tax):					
Exchange differences on translation of foreign operations		(9,522)	(32,994)	-	-
Other comprehensive loss net of tax		**(9,522)**	**(32,994)**	**-**	**-**
Total comprehensive income/(loss) for the year, net of tax		**3,533,451**	**(2,145,056)**	**3,710,071**	**(2,155,307)**
Profit/(loss) for the year attributable to:					
Owners of the parent		3,542,973	(2,112,062)		
Non-controlling interests		-	-		
		3,542,973	**(2,112,062)**		
Total comprehensive income for the year attributable to:					
Owners of the parent		3,533,451	(2,145,056)		
Non-controlling interests		-	-		
		3,533,451	**(2,145,056)**		
		2021	**2020**		
		TZS/share	**TZS/share**		
Basic and diluted earnings /(loss) per share	15	56	(34)		



WARAKA WA HALI YA KIFEDHA WA KUNDI NA KAMPUNI

KWA MWAKA ULIOISHIA 31 DESEMBA 2021

		Kundi		Kampuni	
	Maelezo	2021 TSH’000	2020 TSH’000	2021 TSH’000’	2020 TSH’000
Mapato yatokanayo na mikataba na wataje	5	230,781,686	212,512,260	230,781,686	212,512,260
Gharama za mauzo	6	(169,119,733)	(158,330,527)	(169,119,733)	(158,330,527)
Faida Ghafi		**61,661,953**	**54,181,733**	**61,661,953**	**54,181,733**
Mapato mengineyo	7	207,789	431,111	164,609	398,767
Gharama zinginezo	7	(4,803,075)	(253,749)	(4,803,075)	(253,749)
Gharama za mauzo	8	(3,276,423)	(2,992,108)	(3,276,423)	(2,992,108)
Gharama za utawala	9	(19,722,025)	(14,267,040)	(19,592,482)	(14,200,953)
Uchakavu	10	(19,238,837)	(19,934,278)	(19,261,948)	(19,939,297)
Hasara inayotarajiwa kutokana na madeni	10	129,359	91,363	241,297	34,212
Faida za shughuli za biasha		**14,958,742**	**17,257,032**	**15,133,931**	**17,228,605**
Gharama za riba	11	(12,196,229)	(14,718,662)	(12,201,543)	(14,720,077)
Mapato ya riba	12	1,221	5,056	1,221	5,056
Hasara za ubadilishwaji wa fedha za kigeni	13	1,003,681	(3,176,681)	996,351	(3,190,084)
Faida/ (hasara) kabla ya Kodi		**3,767,415**	**(633,255)**	**3,929,960**	**(676,500)**
Kodi ya Mapato	14(a)	(224,442)	(1,478,807)	(219,889)	(1,478,807)
Faida/ (hasara) kwa Mwaka		**3,542,973**	**(2,112,062)**	**3,710,071**	**(2,155,307)**
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		(9,522)	(32,994)	-	-
Mapato ya kina baada ya kodi		**(9,522)**	**(32,994)**	**-**	**-**
Jumla ya mapato /(hasara) ya kina kwa mwaka, baada ya kodi		**3,533,451**	**(2,145,056)**	**3,710,071**	**(2,155,307)**
Faida/ Hasara kwa mwaka iliyoidhinishwa kwa::					
Wamiliki wa Kampuni mama		3,542,973	(2,112,062)		
Maslahi yasiyodhibitika		-	-		
		3,542,973	**(2,112,062)**		
Mapato ya kina ya mwaka yaliyoidhinishwa kwa::					
Wamiliki wa Kampuni mama		3,533,451	(2,145,056)		
Wamiliki wasio na udhibiti		-	-		
		3,533,451	**(2,145,056)**		
		2021	**2020**		
		TZS/share	**TZS/share**		
Faida/(hasara) kwa hisa	15	56	(34)		

SIMBA CEMENT
STRENGTH WITHIN

AS AT 31 DECEMBER 2021

		Group		Company	
	Notes	2021 TZS'000	2020 TZS'000	2021 TZS'000	2020 TZS'000
ASSETS					
Non-current assets					
Property, plant and equipment	16	300,619,541	313,717,275	299,810,366	312,906,893
Right-of-use assets	17	4,772,307	10,187,786	4,710,543	9,908,648
Investment property	18	537,756	560,484	-	-
Investment in subsidiary	20(a)	-	-	552,564	552,564
Financial asset - Interest rate cap	21	1,023,611	229,170	1,023,611	229,170
		306,953,215	**324,694,715**	**306,097,084**	**323,597,275**
Current assets					
Due from employees' share trust	22	-	-	773,466	351,575
Inventories	23	63,717,282	54,025,387	63,717,282	54,025,387
Trade and other receivables	24	15,718,554	9,799,677	15,696,678	9,948,423
Current income tax recoverable	14(d)	6,891,761	6,443,707	6,383,224	5,969,790
Cash and bank balances	25	12,189,443	3,204,572	12,124,442	3,042,758
		98,517,040	**73,473,343**	**98,695,092**	**73,337,933**
Non-current assets held-for-sale	**26**	3,870	3,870	-	-
TOTAL ASSETS		**405,474,125**	**398,171,928**	**404,792,176**	**396,935,208**
EQUITY AND LIABILITIES					
Equity					
Issued capital	27	1,273,421	1,273,421	1,273,421	1,273,421
Translation reserve		(67,490)	(57,968)	-	-
Treasury shares	22	(773,466)	(351,575)	-	-
Retained earnings		138,689,514	135,146,541	137,293,299	133,583,229
Equity attributable to owners of the parent		**139,121,979**	**136,010,419**	**-**	**-**
Non-controlling interest		-	-	-	-
Total equity		**139,121,979**	**136,010,419**	**138,566,720**	**134,856,650**
Non-current liabilities					
Lease liabilities	28	4,593,751	5,160,608	4,317,370	5,184,870
Provision for site restoration	29	29,637	28,101	29,637	28,101
Term borrowings: Non-current portion	30	192,886,904	141,567,340	192,886,904	141,567,340
Deferred tax liability	14(b)	950,783	1,906,850	950,783	1,906,850
		198,461,075	**148,662,899**	**198,184,694**	**148,687,161**
Current liabilities					
Lease liabilities	28	391,407	5,833,975	443,443	5,788,769
Term borrowings: Current portion	30	-	30,069,355	-	30,069,355
Trade and other payables	31	41,740,772	45,732,759	41,477,982	45,310,307
Contract liabilities	32	6,858,577	8,250,357	7,219,022	8,610,802
Bank overdrafts	30	18,900,315	23,612,164	18,900,315	23,612,164
		67,891,071	113,498,610	68,040,762	**113,391,397**
Total liabilities		**266,352,146**	**262,161,509**	**266,225,456**	**262,078,558**
TOTAL EQUITY AND LIABILITIES		**405,474,125**	**398,171,928**	**404,792,176**	**396,935,208**

These consolidated and separate financial statements were approved by the Board of Directors for issue on 25 March 2022 and were signed on their behalf by:

Name: Lawrence Masha
Title: Chairman

Name:Reinhardt Swart
Title: Managing Director

WARAKA WA HALI YA KIFEDHA WA KUNDI NA KAMPUNI

KAMA ILIVYOKUWA 31 DISEMBA 2021

		Kundi		Kampuni	
	Maelezo	2021 TSH'000	2020 TSH'000	2021 TSH'000	2020 TSH'000
RASILIMALI					
Rasilimali za kudumu					
Mali, mitambo na vifaa	16	300,619,541	313,717,275	299,810,366	312,906,893
Haki ya matumizi rasilimali	17	4,772,307	10,187,786	4,710,543	9,908,648
Rasilimali za uwekezaji	18	537,756	560,484	-	-
Uwekezaji katika kampuni tanzu	20(a)	-	-	552,564	552,564
Mali za kifedha	21	1,023,611	229,170	1,023,611	229,170
		306,953,215	**324,694,715**	**306,097,084**	**323,597,275**
Rasilimali za Muda					
Stahiki kutoka kwa mfuko wa hisa za wafanyakazi	22	-	-	773,466	351,575
Bidhaa	23	63,717,282	54,025,387	63,717,282	54,025,387
Wadaiwa wa kibiashara na wengine	24	15,718,554	9,799,677	15,696,678	9,948,423
Kodi ya mapato ya kampuni itakayorudishwa	14(d)	6,891,761	6,443,707	6,383,224	5,969,790
Baki ya fedha taslimu na benki	25	12,189,443	3,204,572	12,124,442	3,042,758
		98,517,040	**73,473,343**	**98,695,092**	**73,337,933**
Rasilimali za kudumu zitunzavyo kwa kuuzwa	**26**	3,870	3,870	-	-
JUMLA YA RASILIMALI		**405,474,125**	**398,171,928**	**404,792,176**	**396,935,208**
HISA NA DHIMA					
Mtaji wa Akiba					
Mtaji wa hisa zilizotolewa	27	1,273,421	1,273,421	1,273,421	1,273,421
Hifadhi ya tafsiri za shughuli za nje ya nchi		(67,490)	(57,968)	-	-
Hisa za hazina	22	(773,466)	(351,575)	-	-
Mapato yaliyobakishwa		138,689,514	135,146,541	137,293,299	133,583,229
Hisa inaidhinishwa kwa wamiliki wa kampuni mama		**139,121,979**	**136,010,419**	**-**	**-**
Maslahi yasiyodhibitika		-	-	-	-
Jumla ya mtaji na akiba		**139,121,979**	**136,010,419**	**138,566,720**	**134,856,650**
Dhima za kudumu					
Dhima itokanavyo na kukodisha	28	4,593,751	5,160,608	4,317,370	5,184,870
Tengo kwa ajili ya uboreshaji wa eneo la machimbo	29	29,637	28,101	29,637	28,101
Mkopo wa muda mrefu	30	192,886,904	141,567,340	192,886,904	141,567,340
Tengo la kodi ilioahirishwa	14(b)	950,783	1,906,850	950,783	1,906,850
		198,461,075	**148,662,899**	**198,184,694**	**148,687,161**
Dhima za muda					
Dhima itokanavyo na kukodisha	28	391,407	5,833,975	443,443	5,788,769
Mkopo wa muda mfupi	30	-	30,069,355	-	30,069,355
Malipo ya biashara na mengineyo	31	41,740,772	45,732,759	41,477,982	45,310,307
Madeni ya mikataba	32	6,858,577	8,250,357	7,219,022	8,610,802
Ovadrafti za benki	30	18,900,315	23,612,164	18,900,315	23,612,164
		67,891,071	113,498,610	68,040,762	**113,391,397**
Jumla ya dhima		**266,352,146**	**262,161,509**	**266,225,456**	**262,078,558**
JUMLA YA HISA NA DHIMA		**405,474,125**	**398,171,928**	**404,792,176**	**396,935,208**

Taarifa hizi kamili za fedha ziliidhinishwa na Bodi ya Wakurugenzi tarehe 25 Mechi 2022 na zilitiwa saini kwa niaba yao na :

Jina: Lawrence Masha
Cheo: Mwenyekiti

Jina: Reinhardt Swart
Cheo: Mkurugenzi Mtendaji

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Issued capital TZS'000	Translation reserve* TZS'000	Treasury shares TZS'000	Retained earnings TZS'000	Total TZS' 000
GROUP						
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**
At 1 January 2021		1,273,421	(57,968)	(351,575)	135,146,541	136,010,419
Profit for the year		-	-	-	3,542,973	3,542,973
Other comprehensive income		-	(9,522)	-	-	(9,522)
Total comprehensive income		-	(9,522)	-	3,542,973	3,533,451
Changes in treasury shares	22	-	-	(421,891)	-	(421,891)
At 31 December 2021		**1,273,421**	**(67,490)**	**(773,466)**	**138,689,514**	**139,121,979**

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

	Notes	Issued capital TZS'000	Retained earnings TZS'000	Total TZS' 000
COMPANY				
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 2020		**1,273,421**	**133,583,229**	**134,856,650**
At 1 January 2021		1,273,421	133,583,229	134,856,650
Profit for the year		-	3,710,071	3,710,071
Other comprehensive income		-	-	-
Total comprehensive income		-	3,710,071	3,710,071
At 31 December 2021		**1,273,421**	**137,293,299**	**138,566,720**

WARAKA WA MABADILIKO YA HISA/ MTAJI

KWA MWAKA ULIOISHIA 31 DISEMBA 2021

	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
KUNDI						
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**
Tarehe 1 Januari 2021		1,273,421	(57,968)	(351,575)	135,146,541	136,010,419
Faida kwa mwaka		-	-	-	3,542,973	3,542,973
Mapato ya kina		-	(9,522)	-	-	(9,522)
Jumla ya mapato		-	(9,522)	-	3,542,973	3,533,451
Mabadiliko ya hisa za hazina	22	-	-	(421,891)	-	(421,891)
Tarehe 31 Disemba 2021		**1,273,421**	**(67,490)**	**(773,466)**	**138,689,514**	**139,121,979**

*Hifadhi 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, kusajiliwa na kufanya shughuli zake nje ya nchi.

	Notes	Mtaji wa hisa uliotolewa TSH'000	Baki ya fedha taslimu na benki TSH' 000	Total TZS' 000
KAMPUNI				
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)
Tarehe 31 Disemba 2020		**1,273,421**	**133,583,229**	**134,856,650**
Tarehe 1 Januari 2021		1,273,421	133,583,229	134,856,650
Faida kwa mwaka		-	3,710,071	3,710,071
Mapato ya kina		-	-	-
Jumla ya mapato		-	3,710,071	3,710,071
Tarehe 31 Disemba 2021		**1,273,421**	**137,293,299**	**138,566,720**

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2021

		Group		Company	
	Notes	2021 TZS' 000	2020 TZS'000	2021 TZS'000'	2020 TZS'000
OPERATING ACTIVITIES					
Cash generated from operating activities	33	19,968,523	47,709,783	20,075,120	47,517,150
Interest income received	12	1,221	5,056	1,221	5,056
Income taxes paid	14(d)	(1,506,730)	(4,893,480)	(1,467,557)	(4,660,608)
Net cash flows from operating activities		**18,463,014**	**42,821,358**	**18,608,784**	**42,861,598**
INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		6,415	34,716	6,415	34,716
Purchase of property, plant and equipment	16	(8,242,785)	(2,455,229)	(8,242,785)	(2,455,229)
Net cash flows used in investing activities		**(8,236,370)**	**(2,420,513)**	**(8,236,370)**	**(2,420,513)**
FINANCING ACTIVITIES					
Principal repayments - lease liabilities	28	(3,828,814)	(4,047,451)	(4,041,090)	(3,983,300)
Lease liability interest paid	28	(30,309)	(930,184)	(26,794)	(915,308)
Interest paid - overdrafts	11	(1,472,369)	(1,885,678)	(1,472,369)	(1,885,678)
Interest paid - term borrowings	30	-	(11,519,161)	-	(11,519,161)
Principal repayments - term borrowings	30	-	(22,009,801)	-	(22,009,801)
Proceeds from borrowings	30	11,489,013		11,489,013	-
Net cash flows used in financing activities		**6,157,521**	**(40,392,275)**	**5,948,760**	**(40,313,248)**
Net increase in cash and cash equivalents		**16,384,164**	**8,570**	**16,321,174**	**127,837**
Net foreign exchange differences		(2,687,443)	(1,156,830)	(2,527,641)	(1,226,047)
Cash and cash equivalents at 1 January		(20,407,592)	(19,259,332)	(20,569,406)	(19,471,196)
Cash and cash equivalents at 31 December	**25**	**(6,710,872)**	**(20,407,592)**	**(6,775,873)**	**(20,569,406)**

WARAKA WA MTIRIRIKO WA FEDHA WA KUNDI NA KAMPUNI

KAMA ILIVYOKUWA 31 DISEMBA 2021

	Maelezo	Kundi		Kampuni	
		2021 TSH'000	2020 TSH'000	2021 TSH'000	2020 TSH'000
SHUGHULI ZA UENDESHAJI					
Fedha kutoka kwenye uendeshaji	33	19,968,523	47,709,783	20,075,120	47,517,150
Riba iliyopokelewa	12	1,221	5,056	1,221	5,056
Kodi ya mapato iliyolipwa	14(d)	(1,506,730)	(4,893,480)	(1,467,557)	(4,660,608)
Fedha taslimu inayotokana na uendeshaji		**18,463,014**	**42,821,358**	**18,608,784**	**42,861,598**
SHUGHULI ZA UWEKEZAJI					
Mauzo ya mali, mitambo na vifaa		6,415	34,716	6,415	34,716
Manunuzi ya mali, mitambo na vifaa	16	(8,242,785)	(2,455,229)	(8,242,785)	(2,455,229)
Fedha taslimu zilizotumika katika shughuli za uwekezaji		**(8,236,370)**	**(2,420,513)**	**(8,236,370)**	**(2,420,513)**
SHUGHULI ZA UGHARIMIAJI					
Ulipaji wa deni - Dhima itokanayo na Kukodisha	28	(3,828,814)	(4,047,451)	(4,041,090)	(3,983,300)
Riba iliyolipwa ya dhima itokanayo na kukodisha	28	(30,309)	(930,184)	(26,794)	(915,308)
Riba iliyolipwa kwenye overdraft	11	(1,472,369)	(1,885,678)	(1,472,369)	(1,885,678)
Riba Iliyolipwa ya deni	30	-	(11,519,161)	-	(11,519,161)
Ulipaji wa deni-Mkopo wa Muda	30	-	(22,009,801)	-	(22,009,801)
Mapato yatokanayo na mkopo	30	11,489,013		11,489,013	-
Fedha taslimu iliyotumiwa katika shughuli za ugharamiaji		**6,157,521**	**(40,392,275)**	**5,948,760**	**(40,313,248)**
(Punguzo)/ Ongezeko katika fedha taslimu na fedha linganifu		**16,384,164**	**8,570**	**16,321,174**	**127,837**
Tofauti halisi kutokana ubadilishaji fedha za kigeni		(2,687,443)	(1,156,830)	(2,527,641)	(1,226,047)
Fedha taslimu na fedha linganifu tarehe 1 Januari		(20,407,592)	(19,259,332)	(20,569,406)	(19,471,196)
Fedha taslimu na fedha linganifu tarehe 31 Disemba	**25**	**(6,710,872)**	**(20,407,592)**	**(6,775,873)**	**(20,569,406)**

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 40 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 2021.

Details of the managements' and directors' assessment of the going concern basis of preparation adopted in the preparation of the consolidated and separate financial statements are provided in Note 43.

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 note.

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 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. 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.

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 2.3(m).

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

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

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

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

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

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

Lease liabilities

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

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

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 incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a

straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. These leases have terms of 6 to 12 months. 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.

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
- Financial assets at amortised cost (debt instruments) and derivative financial instruments which are measured at FVTPL categories were relevant to the Group for the current year.

Financial assets at amortised cost (debt instruments)

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

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

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

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

Equity instruments

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

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

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

Derivative financial instruments

The Company uses derivative financial instruments, such as interest rate 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 2021. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. These amendments had no impact on the consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases.

The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16 if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Group has not received Covid-19-related rent concessions but plans to apply the practical expedient if it becomes applicable within allowed period of application.

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 assets are not impaired, 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 28 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 38 (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 29 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 39 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, 21,22 and 41 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.

Amendments to 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 (Continued)

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 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

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.

Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

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

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The Group is currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

		Group		Company	
		2021 TZS'000	2020 TZS'000	2021 TZS'000	2020 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	214,463,522	193,966,758	214,463,522	193,966,758
	Transportation services	16,318,164	18,545,502	16,318,164	18,545,502
	Total revenue from contracts with customers	**230,781,686**	**212,512,260**	**230,781,686**	**212,512,260**

- 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 variable consideration in determining the transaction price.

Refer to Notes 24 and 32 for the contract balances, that is, trade receivables and contract liabilities respectively.

		Group 2021 TZS'000	Group 2020 TZS'000	Company 2021 TZS'000	Company 2020 TZS'000
6	**COST OF SALES**				
	Distribution costs	32,159,307	31,164,540	32,159,307	31,164,540
	Variable costs	64,363,647	73,253,486	64,363,647	73,253,486
	Fixed costs	72,596,779	53,912,501	72,596,779	53,912,501
		169,119,733	**158,330,527**	**169,119,733**	**158,330,527**
	The following are included in cost of sales:				
	Royalties				
	Limestone	988,280	1,346,463	988,280	1,346,463
	Red soil	56,341	95,219	56,341	95,219
	Pozzolana	6,443	38,571	6,443	38,571
	Total	**1,051,064**	**1,480,253**	**1,051,064**	**1,480,253**

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

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

		Group 2021 TZS'000	Group 2020 TZS'000	Company 2021 TZS'000	Company 2020 TZS'000
7	**OTHER INCOME/(EXPENSES)**				
	Other income				
	Rental income	43,180	31,719	-	-
	Sundry income *	160,549	381,926	160,549	381,300
	Gain on sale of property, plant and equipment	4,060	17,467	4,060	17,467
		207,789	**431,111**	**164,609**	**398,767**
	Other expenses				
	- Loss on derecognition of property and equipment	(4,803,075)	(253,749)	(4,803,075)	(253,749)
		(4,803,075)	**(253,749)**	**(4,803,075)**	**(253,749)**

*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 2021 TZS'000	Group 2020 TZS'000	Company 2021 TZS'000	Company 2020 TZS'000
8	**SELLING EXPENSES**				
	Other marketing and sales expenses	389,012	474,049	389,012	474,049
	Personnel expenses	894,835	812,603	894,835	812,603
	Purchase of services from related and third parties	1,992,576	1,705,456	1,992,576	1,705,456
		3,276,423	**2,992,108**	**3,276,423**	**2,992,108**

	Group		Company	
	2021 TZS'000	**2020 TZS'000**	**2021 TZS'000**	**2020 TZS'000**
9 ADMINISTRATION EXPENSES				
Personnel expenses	11,844,437	9,131,249	11,844,437	9,131,249
Third party services	6,412,730	3,725,732	6,412,730	3,725,732
Other administration expenses	1,464,858	1,410,059	1,335,315	1,343,972
	19,722,025	**14,267,040**	**19,592,482**	**14,200,953**
10 OPERATING PROFIT/(LOSS)				
Operating profit is arrived at after charging/(crediting):				
Gain on sale of property, plant and equipment	(4,060)	(17,467)	(4,060)	(17,467)
Loss on derecognition of property, plant and equipment	4,803,075	253,749	4,803,075	253,749
Audit fees				
- Health and safety audit	63,656	19,804	63,656	19,804
- Auditors' remuneration and related expenses	206,977	198,155	155,642	148,230
Directors' remuneration				
- Directors' emoluments	**2,559,591**	**1,938,552**	**2,559,591**	**1,938,552**
Staff costs:				
- Service costs	25,464,744	21,289,020	25,464,744	21,289,020
- Pension costs (Defined contribution plan)	1,858,112	1,920,764	1,858,112	1,920,764
Lease rental and related expenses*	6,126,836	4,937,720	6,126,836	4,937,720
* The amounts comprise leases of low value assets and short term leases and maintenance expenses for leased assets.				
Depreciation				
- Charge on property, plant and equipment	18,784,932	19,253,507	18,783,725	19,226,297
- Charge on right-of-use assets excluding quarry fleet assets	405,174	658,043	478,223	713,000
- Charge on investment property	48,731	22,728	-	-
	19,238,837	**19,934,278**	**19,261,948**	**19,939,297**
Expected credit losses				
(Decrease)/increase in ECL for trade receivables	(126,481)	(2,714)	183,568	13,932
(Decrease)/increase in ECL on bank balances	(2,879)	(88,649)	(2,974)	(118,459)
(Decrease)/increase in ECL on amounts due from the Trust	-	-	(421,891)	70,315
	(129,359)	**(91,363)**	**(241,297)**	**(34,212)**
11 INTEREST EXPENSE				
Interest expense on bank overdrafts	1,472,369	1,885,678	1,472,369	1,885,678
Finance charges on leases	842,968	1,099,879	848,282	1,101,294
Interest expense on term loans	9,736,853	11,733,105	9,736,853	11,733,105
Interest expense on Afrisam facility	144,039	-	144,039	-
Interest expense charged to profit or loss	**12,196,229**	**14,718,662**	**12,201,543**	**14,720,077**

		Group	Group	Company	Company
		2021 TZS'000	2020 TZS'000	2021 TZS'000	2020 TZS'000
12	**FINANCE INCOME**				
	Interest income on bank deposits	1,221	5,056	1,221	5,056
13	**FOREIGN EXCHANGE AND FAIR VALUE LOSS**				
	Net foreign exchange and fair value gain/ (loss)	3,176,681	7,027,815	3,190,084	7,004,590
	This comprises of:				
	Fair value (loss)/gain - interest rate cap	(794,506)	1,376,763	(794,506)	1,376,763
	Foreign exchange (gains)/ losses on SAGEPF (PIC) loan	(119,298)	817,270	(119,298)	817,270
	Net other foreign exchange losses (gains)/ losses	(89,877)	982,648	(82,547)	996,051
		(1,003,681)	**3,176,681**	**(996,351)**	**3,190,084**

*Due to Covid-19, foreign denominated currencies were scarce in the financial market, therefore, the Group did not enter into any forward contract arrangements 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" disclosed in Note 21.

14	**INCOME TAX**				
	(a) Income tax credit / charge				
	Alternative Minimum Tax - current year	1,180,508	1,103,680	1,175,955	1,103,680
	Deferred tax charge - current year	1,302,197	360,530	1,302,197	360,530
	Deferred tax credit - prior years	(2,258,263)	14,597	(2,258,263)	14,597
		224,442	**1,478,807**	**219,889**	**1,478,807**

No current income tax charge has been recognised for the Group 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%.

14. INCOME TAX *(Cont)*

(b) Deferred tax liabilities/(assets)

	Group		Company	
	2021 TZS'000	2020 TZS'000	2021 TZS'000	2019 TZS'000
The movement in the deferred tax liability is made up as follows:				
(Credit) /Charge to profit or loss - Prior year adjustment	(2,258,263)	14,597	(2,258,263)	14,597
Charge to profit or loss - Current year	1,302,197	360,530	1,302,197	360,530
	(956,066)	**375,127**	**(956,066)**	**375,127**
Deferred tax liabilities				
Accelerated depreciation	49,410,227	50,516,856	49,453,264	50,575,599
Provision for expected credit losses	(1,530,516)	(1,499,892)	(1,143,694)	(1,089,516)
Provision for obsolete inventories	(3,191,230)	(2,700,144)	(3,191,230)	(2,696,110)
Leave pay accrual	(227,075)	(221,561)	(227,075)	(221,561)
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	(8,864,662)	(8,878,948)	(8,864,662)	(8,878,948)
Impairment of treasury shares/amount due from Trust	(88,131)	(88,131)	(88,131)	(88,131)
Unrealised foreign exchange losses - other	(428,976)	(416,348)	(428,976)	(414,247)
Unrealised foreign exchange gains - other	75,007	55,615	75,589	55,615
Unrealised foreign exchange gains on forward exchange contracts	224,575	224,575	224,575	224,575
Losses on interest rate cap	(174,696)	(390,294)	(174,696)	(390,294)
Bonus accruals	(511,221)	(16,297)	(501,015)	-
Current income tax losses carried forward	(29,566,700)	(33,465,325)	(29,413,699)	(33,373,442)
Impairment of bank balance in CDEAL Burundi	(5)	-	-	-
Accrual for volume rebates	(5,317)	(250,198)	(5,317)	(250,198)
Over provision in prior periods	(8,588)	(11,947)	(8,588)	(8,587)
Provision for Kiln Linings - Tk2 Shutdown	(542,759)		(542,759)	-
Provision of withholding tax on PIC loan	(2,674,898)		(2,674,898)	-
	357,130	**1,320,056**	**950,783**	**1,906,850**
Deferred tax asset not recognised				
CDEAL - Tanzania	593,653	586,794		-
	593,653	**586,794**		**-**
Net deferred tax liability recognised	**950,783**	**1,906,850**	**950,783**	**1,906,850**

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

14. INCOME TAX *(Cont)*

(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	
	2021 %	2020 %	2021 %	2020 %
Standard rate applicable on tax allowable profit/ (loss)	(30.00)	(30.00)	(30.00)	(30.00)
The standard rate has been affected by:				
- Expenses not deductible for tax purposes*	3.88	90.14	3.14	84.37
- Alternative minimum tax	33.53	174.29	29.92	163.15
- Deferred tax credit not recognised	2.69	(2.05)	-	-
- Profit on sale of non-qualifying assets		(1.15)	-	(1.08)
- Adjustments in respect of prior years deferred tax	(64.14)	2.71	(57.46)	2.27
Effective tax rate	**5.96**	**233.53**	**5.60**	**218.60**

*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.

(d) Income tax recoverable

	Group		Company	
	2021 TZS'000	2020 TZS'000	2021 TZS'000	2020 TZS'000
At 1 January	(6,443,707)	(2,622,355)	(5,969,790)	(2,377,203)
Payment made during the year	(1,506,730)	(4,893,480)	(1,467,557)	(4,660,608)
Withholding tax - tax deducted at source	(121,832)	(31,552)	(121,832)	(35,659)
Income tax expense - current year	1,180,508	1,103,680	1,175,955	1,103,680
At 31 December	**(6,891,761)**	**(6,443,707)**	**(6,383,224)**	**(5,969,790)**

15 EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share is calculated by dividing the earnings/(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 earnings/(loss) per share is calculated by dividing the earnings/(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 (2020: None). As such, the basic and diluted earnings/(losses) per share were the same as indicated below.

	Group	
	2021 TZS'000	2020 TZS'000
Earnings/(loss) attributable to ordinary shareholders (TZS' 000)	3,549,833	(2,112,062)
Total weighted average number of ordinary shares	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 and diluted earnings/(loss) per share (TZS/share)	**56**	**(34)**

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 2021		36,177,278	407,313,537	3,487,197	1,801,643	5,100,844	453,880,498
Additions		-	-	8,580	-	7,963,414	7,971,994
Additions to standby spares		-	270,791	-	-	-	270,791
Transfer from Capital Work In Progress (CWIP)		-	6,717,793	-	-	(6,717,793)	-
Standby spares utilised		-	(331,866)	-	-	-	(331,866)
Disposals		-	(1,620,197)	(58,981)	-	-	(1,679,178)
Write-off		-	(1,203,656)	-	-	-	(1,203,656)
At 31 December 2021		**36,177,278**	**411,146,402**	**3,436,796**	**1,801,643**	**6,346,465**	**458,908,583**
Depreciation and impairment							
At 1 January 2021		12,079,267	123,694,995	2,787,927	1,601,034	-	140,163,223
Charge for the year		890,364	17,601,815	183,213	109,540	-	18,784,932
Disposals		-	(211,526)	(50,994)	-	-	(262,520)
Write-off		-	(396,593)	-	-	-	(396,593)
At 31 December 2021		**12,969,631**	**140,688,691**	**2,920,146**	**1,710,574**	**-**	**158,289,042**
Net carrying amount							
At 31 December 2021		**23,207,647**	**270,457,710**	**516,650**	**91,069**	**6,346,465**	**300,619,541**

16 PROPERTY, PLANT AND EQUIPMENT (Continued)

(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
Translation difference		-	42,036	68,252	20,244	-	130,532
Transfer from Capital Work In Progress (CWIP)		-	1,972,476	-	-	(1,970,657)	-
Standby 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**

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, Afrisam and Government Employees Pension Fund of South Africa. Carrying amounts of these assets amounts to TZS 293 billion. Refer to Note 30 for further disclosures.

ii) Included in plant and machinery as at 31 December 2021 is TZS 5.3 billion (2020: TZS 5.4 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 2021 (2020: 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. Included in Land and Buildings is lease hold which is depreciated at the rate of 1%-10%.

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.

16 PROPERTY, PLANT AND EQUIPMENT *(cont)*

(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 2021	31,911,927	407,357,082	2,723,297	1,838,069	5,100,843	448,931,218
Additions	-	-	8,580	-	7,963,414	7,971,994
Additions to standby spares	-	270,791	-	-	-	270,791
Transfer from Capital Work In Progress (CWIP)	-	6,717,793	-	-	(6,717,793)	-
Standby spares utilised	-	(331,866)	-	-	-	(331,866)
Disposals	-	(1,620,197)	(58,981)	-	-	(1,679,178)
Write-offs	-	(1,203,656)	-	-	-	(1,203,656)
At 31 December 2021	**31,911,927**	**411,189,947**	**2,672,896**	**1,838,069**	**6,346,464**	**453,959,303**
Depreciation						
At 1 January 2021	8,669,880	123,692,185	2,024,281	1,637,979	-	136,024,325
Charge for the year	889,157	17,601,815	183,213	109,540	-	18,783,725
Disposals	-	(211,526)	(50,994)	-	-	(262,520)
Write-offs	-	(396,593)	-	-	-	(396,593)
At 31 December 2021	**9,559,037**	**140,685,881**	**2,156,500**	**1,747,519**	**-**	**154,148,937**
Net carrying amount						
At 31 December 2021	**22,352,890**	**270,504,066**	**516,396**	**90,550**	**6,346,464**	**299,810,366**
Cost						
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 Capital Work In Progress (CWIP)	-	1,970,657		-	(1,970,657)	-
Standby 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**
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)
Wrte-offs						
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**

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

17 RIGHT-OF-USE ASSETS

The Group has lease contracts for 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		**Quarry fleet**	**Leased space**	**Land occupancy rights**	**Printers**	**Total**
	Notes	**TZS '000'**	**TZS '000'**	**TZS '000'**	**TZS '000'**	**TZS '000'**
Cost						
At 1 January 2021		9,613,517	1,490,689	4,410,442	244,860	15,759,508
Additions	28	-	278,934	9,579	269,264	557,777
Derecognition		(9,613,517)	(788,814)	–	(96,453)	(10,498,783)
At 31 December 2021		**-**	**980,809**	**4,420,021**	**417,671**	**5,818,502**
Depreciation						
At 1 January 2021		(4,517,451)	(1,071,851)	(129,856)	(131,702)	(5,850,860)
Depreciation charge		(1,799,661)	(347,453)	(65,030)	(65,740)	(2,277,884)
Derecognition		6,317,112	610,235	–	93,438	7,020,785
At 31 December 2021		**-**	**(809,069)**	**(194,886)**	**(104,004)**	**(1,107,959)**
Net carrying amount						
At 31 December 2021		-	**171,740**	**4,225,135**	**313,667**	**4,710,543**
Cost						
At 1 January 2020		10,708,047	1,490,689	4,410,442	244,860	16,854,038
Additions	28	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**

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

Group		**Quarry fleet**	**Leased space**	**Land occupancy rights**	**Printers**	**Total**
		TZS '000'	**TZS '000'**	**TZS '000'**	**TZS '000'**	**TZS '000'**
Cost						
At 1 January 2021		9,613,517	1,705,240	4,540,319	244,860	16,103,936
Additions		-	278,934	9,579	269,264	557,777
Derecognition		(9,613,517)	(795,674)	(100,544)	(96,453)	(10,606,188)
At 31 December 2021		**-**	**1,188,500**	**4,449,354**	**417,671**	**6,055,525**
Depreciation						
At 1 January 2021		(4,517,451)	(1,137,141)	(129,856)	(131,702)	(5,916,150)
Depreciation charge		(1,799,661)	(457,422)	(65,030)	(65,740)	(2,387,853)
Derecognition		6,317,112	610,235	–	93,438	7,020,785
At 31 December 2021		**-**	**(984,328)**	**(194,886)**	**(104,004)**	**(1,283,218)**
Net carrying amount						
At 31 December 2021		**-**	**204,172**	**4,254,468**	**313,667**	**4,772,307**
Cost						
At 1 January 2020		10,708,047	1,705,240	4,540,319	244,860	17,198,466
Additions	28	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**

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

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

The following are the amounts recognised in profit or loss:

		Group		Company	
		2021	2020	2021	2020
	Notes	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
Depreciation expense of right-of-use assets		(2,387,853)	(4,938,658)	(65,740)	(4,993,615)
Interest expense on lease liabilities	28	(839,798)	(1,099,879)	(848,282)	(1,101,294)
Expense relating to short-term leases (included in cost of sales)		(6,126,836)	(4,937,720)	(6,126,836)	(4,937,720)
Total amount recognised in profit or loss		**(9,354,487)**	**(10,976,257)**	**(7,040,858)**	**(11,032,629)**

Cash outflows on lease arrangements					
Payments relating to the recognised lease liabilities	28	(3,859,123)	(4,977,635)	(4,067,884)	(4,898,608)
Payments for short-term leases		(6,126,836)	(4,937,720)	(6,126,836)	(4,937,720)
		(9,985,959)	**(9,915,355)**	**(10,194,720)**	(9,836,328)

The Group does not have lease contracts that contain 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.

The Group's directors and management have assessed that the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease terms used in determining the lease liabilities recognised cannot be reasonably estimated without undue cost and effort as they are subject to significant uncertainty over future telecommunication network planning in the longer term. The significant uncertainty arises from factors such as business strategy, mergers and acquisitions in the sector and competitive actions which could affect the leased-assets portfolio

18 INVESTMENTS PROPERTY

		Group		Company	
	Notes	2021 TZS'000	2020 TZS'000	2021 TZS'000	2020 TZS'000
Cost					
At 1 January		1,070,113	1,070,113	-	-
Additions		-	-	-	-
At 31 December		**1,070,113**	**1,070,113**	**-**	**-**
Depreciation					
At 1 January		(509,629)	(486,901)		-
Charge for the year		(22,728)	(22,728)	-	-
At 31 December		**(509,629)**	**(509,629)**	**-**	**-**
Net carrying amount		**537,756**	**560,484**	**-**	**-**

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 2,418 million (2020: TZS 2,161 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	
	2021	2020	2021	2020
Square meters	2,899	2,899	-	-
Cost per square meter (TZS'000)	465	829	-	-
Change (%)	-5%	-5%	-	-
Change in cost per square meter (TZS'000)	(23)	-41	-	-
Change in value (TZS'000)	(67,389)	(120,175)	-	-

	Group		Company	
	2021 TZS' 000'	2020 TZS' 000'	2021 TZS' 000'	2020 TZS' 000'
Rental income derived from investment property	43,180	31,719	-	-
Direct operating expenses (including repairs and maintenance) on investment property that generated rental income.	(13,250)	(12,600)	-	-

The Group has no restrictions on the realizability 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 (2020: 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.

	Group		Company	
	2021 TZS' 000'	2020 TZS' 000'	2021 TZS' 000'	2020 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)	(11,044,248)
Impairment charge for the year	-	-	-	-
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 principal activity was distribution of cement produced by the Company. However, in 2019 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.

(b) 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 2021 and 2020.

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	
	2021 TZS' 000'	2020 TZS' 000'	2021 TZS' 000'	2020 TZS' 000'
At 1 January	229,170	1,586,736	229,170	1,586,736
Fair value (loss)/gain	794,506	(1,376,763)	794,506	(1,376,763)
Foreign exchange gain	(65)	19,197	(65)	19,197
At 31 December	**1,023,611**	**229,170**	**1,023,611**	**229,170**
Net (loss)/gain on the interest rate cap	794,441	(1,357,566)	794,441	(1,357,566)

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

The fair value measurement of the IRC is indicated below:

At 31 December 2021:	Date	USD	TZS '000'
Valuation	01 Jan 2021	99,706	229,170
Loss on fair value		345,767	794,506
Balance after fair value adjustment	31-Dec-21	445,473	1,023,676
Foreign currency valuation at year end	31-Dec-21	445,473	1,023,611
Exchange rate gain on valuation			(65)

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 2020	99,706	209,973
Foreign currency valuation at year end	31 Dec 2020	99,706	229,170
Exchange rate gain on valuation			19,197

Refer to Note 41 for further disclosures on fair value.

22 EMPLOYEES' SHARE TRUST

	Group		Company	
	2021 TZS' 000'	2020 TZS' 000'	2021 TZS' 000'	2020 TZS' 000'
At 1 January	351,575	421,890	351,575	421,890
Impairment of the amount due from the Trust	421,891	(70,315)	421,891	(70,315)
At 31 December	**773,466**	**351,575**	**773,466**	**351,575**
Changes in treasury shares/impairment of amount due from the Trust				
At 1 January	(1,436,282)	(1,365,967)	(1,436,282)	(1,365,967)
Charge for the year	421,891	(70,315)	421,891	(70,315)
At 31 December	**(1,014,391)**	**(1,436,282)**	**(1,014,391)**	**(1,436,282)**

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 (2020: 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	
	2021 TZS' 000'	2020 TZS' 000'	2021 TZS' 000'	2020 TZS' 000'
Raw materials (at cost)	32,775,446	17,953,799	32,775,446	17,953,799
Semi finished and finished products (at cost)	7,887,972	7,502,077	7,887,972	7,502,077
Fuels (at cost)	6,006,716	10,747,981	6,006,716	10,747,981
Parts and consumables (at cost)	27,684,581	26,808,564	27,684,581	26,808,564
Total cost	**74,354,715**	**63,012,421**	**74,354,715**	**63,012,421**
Provision for obsolete inventories	(10,637,433)	(8,987,034)	(10,637,433)	(8,987,034)
Total inventory at the lower of cost and net realisable value	**63,717,282**	**54,025,387**	**63,717,282**	**54,025,387**
Movement in the provision for obsolete inventory:				
At 1 January	8,987,034	9,352,358	8,987,034	9,352,358
Increase/ (Decrease) for the year	1,650,399	(365,324)	1,650,399	(365,324)
At 31 December	**10,637,433**	**8,987,034**	**10,637,433**	**8,987,034**

23 INVENTORY *(Cont)*

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 2021

Group and Company	**Amount in TZS '000'**	**% Provision**	**Provision in TZS '000'**
Inventory with no movement for the past 1 year	(1,078,881)	-30%	(1,078,881)
Inventory with no movement for the past 2 years	(887,703)	-50%	(887,703)
Inventory with no movement for the past 3+ years	(8,670,849)	-80%	(8,670,849)
	(10,637,433)		**(10,637,433)**

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)

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

During 2021, no expense was recognised for inventory carried at net realisable value (2020: Nil).

The unrealised profit for the year relating to inventory held by the subsidiary was nil (2020: NIl

The change in inventories recognised in cost of sales as credit for the year was TZS 14,309 million (2020: TZS 3,110 million)

		Group		Company	
		2021	2020	2021	2020
24	**TRADE AND OTHER RECEIVABLES**	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
	Trade receivables	8,055,166	7,734,487	8,055,132	7,644,435
	Allowance for expected credit losses (ECLs)	(3,811,615)	(3,846,857)	(3,811,417)	(3,536,610)
		4,243,551	3,887,630	4,243,715	4,107,825
	Prepaid expenses	3,223,868	1,256,823	3,201,828	1,187,632
	Other receivables	8,251,135	4,746,463	8,251,135	4,744,205
		11,475,003	6,003,286	11,452,963	5,931,837
	Specific provision*	-	(91,239)	-	(91,239)
		11,475,003	5,912,047	11,452,963	5,840,598
	Net trade and other receivables	**15,718,554**	**9,799,677**	**15,696,678**	**9,948,423**

Other receivables include advance payments to suppliers.
*Specific provision relates to Mivumoni Biomas project that its likelihood of recovery is minimal and it is unlikely that the project will materialise.

Movement in the gross trade receivables amount:				
At 1 January	7,734,487	9,879,955	7,644,435	9,283,342
Invoices raised during the year	230,781,686	212,512,260	230,781,686	212,512,260
Payments received during the year	(230,461,007)	(214,657,728)	(230,370,989)	(214,151,167)
At 31 December	**8,055,166**	**7,734,487**	**8,055,132**	**7,644,435**
Movement in ECL				
At 1 January	3,627,849	3,940,810	3,627,849	3,613,917
Increase/(decrease) in ECLs	183,568	(2,714)	183,568	13,932
At 31 December	**3,811,417**	**3,938,096**	**3,811,417**	**3,627,849**
The allowance for ECL is made up as follows:				
On trade receivables	3,811,615	3,846,857	3,811,417	3,536,610
On other receivables	-	91,239	-	91,239
	3,811,615	**3,938,096**	**3,811,417**	**3,627,849**

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	13	13	13

24 TRADE AND OTHER RECEIVABLES *(Cont)*

	Group		Company	
	2021 TZS' 000'	2020 TZS' 000'	2021 TZS' 000'	2020 TZS' 000'
The ageing analysis of trade receivables was as follows:				
Up to 30 days	3,232,136	2,481,220	3,149,034	2,766,736
31 - 60 days	937,370	993,551	957,719	993,551
61 - 90 days	384,772	436,568	401,653	436,568
91-120 days	121,016	141,508	125,588	141,508
Over 120 days	3,379,872	3,681,640	3,421,138	3,306,072
At 31 December	**8,055,166**	**7,734,487**	**8,055,132**	**7,644,435**

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 38.

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 CASH AND BANK BALANCES

	Group 2021	Group 2020	Company 2021	Company 2020
Cash on hand	25,699	18,330	25,699	18,330
Bank balances	12,356,640	3,382,016	12,099,639	3,028,298
Gross cash and bank balances	**12,382,339**	**3,400,346**	**12,125,338**	**3,046,628**
Expected credit losses:				
At 1 January	(195,774)	(284,423)	(3,870)	(122,329)
Decrease for the year	2,879	88,649	2,974	118,459
At 31 December	**(192,896)**	**(195,774)**	**(896)**	**(3,870)**
Net carrying amount	**12,189,443**	**3,204,572**	**12,124,442**	**3,042,758**

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.

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

		Group		Company	
		2021 TZS' 000'	2020 TZS' 000'	2021 TZS' 000'	2020 TZS' 000'
	Notes				
Cash and cash equivalents as above		12,189,443	3,204,572	12,124,442	3,042,758
Bank overdrafts	30	(18,900,315)	(23,612,164)	(18,900,315)	(23,612,164)
Net cash and cash equivalents		**(6,710,872)**	**(20,407,592)**	**(6,775,873)**	**(20,569,406)**
Undrawn borrowing facilities - overdraft facilities					
Standard Chartered Bank		247,780	-	247,780	-
National Bank of Commerce (NBC)		43,145	146,215	43,145	146,215
Stanbic Bank (Tanzania) Limited*		-	6,973,907	-	6,973,907
		290,925	**7,120,122**	**290,925**	**7,120,122**

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

26 NON-CURRENT ASSETS HELD-FOR-SALE

Cost				
At 1 January	3,870	3,870	-	-
Additions	-	-	-	-
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 the outbreak of Covid-19 pandemic, the Group could not realize the assets from 2020 when they were classified as noncurrent assets held for sale for the first time, but the directors believe that these assets will be realized within 2022.

27 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 (2020: 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**

28 LEASE LIABILITIES

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

	Group		Company	
	2021 TZS' 000'	2020 TZS' 000'	2021 TZS' 000'	2020 TZS' 000'
At 1 January	10,994,583	11,930,804	10,973,639	11,829,418
Additions	471,711	2,941,535	557,930	2,941,535
Derecognition	(3,461,811)	-	(3,551,154)	-
Accretion of interest	839,798	1,099,879	848,282	1,101,294
Payments - interest	(30,309)	(930,184)	(26,794)	(915,308)
Payments - principal	(3,828,814)	(4,047,451)	(4,041,090)	(3,983,300)
At 31 December	**4,985,158**	**10,994,583**	**4,760,813**	**10,973,639**
Maturity analysis of the lease liabilities:				
Current	391,407	5,833,975	443,443	5,788,769
Non-current	4,593,751	5,160,608	4,317,370	5,184,870
	4,985,158	**10,994,583**	**4,760,813**	**10,973,639**

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

	Group 2021	Group 2020	Company 2021	Company 2020
Relating to recognised liabilities				
Present value of minimum lease commitments	4,985,158	10,994,583	4,760,813	10,973,639
Future finance costs	38,749,843	38,993,485	39,026,042	38,969,223
Minimum lease commitments	**43,735,001**	**49,988,068**	**43,786,855**	**49,942,862**
Total lease commitments	**43,735,001**	**49,988,068**	**43,786,855**	**49,942,862**
Maturity analysis of lease commitments:				
- Within one year	995,221	5,833,975	1,047,075	5,788,769
- Within two to five years	3,317,490	4,034,593	3,317,490	4,034,593
- After five years	39,422,290	40,119,500	39,422,290	40,119,500
	43,735,001	**49,988,068**	**43,786,855**	**49,942,862**

Further details on the maturity analysis of the lease liabilities are disclosed in Note 38.

The Group and the Company have no significant leasing arrangements with restrictions or purchase options (2020: None). The leases have no escalation clauses.

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

	Maturity	**2021 and 2020**		
		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%	-	-

29 PROVISION FOR SITE RESTORATION

	Group		Company	
	2021 TZS' 000'	2020 TZS' 000'	2021 TZS' 000'	2020 TZS' 000'
At 1 January	28,101	26,931	28,101	26,931
Additional provision during the year	1,536	1,170	1,536	1,170
At 31 December	**29,637**	**28,101**	**29,637**	**28,101**

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 18.61% (2020: 16.52%).
- The site is of medium risk and medium sensitivity.
- Tanzania inflation rate used was 4.1% (2020: 5.5%).
- The estimated actual site restoration cost assuming closure happened as at year-end was TZS 5.9 billion (2020: TZS 5.7 billion).

30 INTEREST - BEARING BORROWINGS

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

(a)) Term Borrowing – PIC and Afrisam

	Group		Company	
SAGEPF Loan A & B	2021 TZS' 000'	2020 TZS' 000'	2021 TZS' 000'	2020 TZS' 000'
At 1 January	171,636,695	192,615,283	171,636,695	192,615,283
Interest accrued	9,736,853	11,733,105	9,736,853	11,733,105
Loan repayment	-	(22,009,801)	-	(22,009,801)
Interest paid	-	(11,519,161)	-	(11,519,161)
Foreign exchange differences	(119,298)	817,270	(119,298)	817,270
At 31 December	**181,254,250**	**171,636,695**	**181,254,250**	**171,636,695**
AfriSam Term Loan Facility				
Initial recognition (Principal received)	11,489,013	-	11,489,013	-
Interest accrued	144,039	-	144,039	-
Foreign exchange differences	(398)	-	(398)	-
At 31 December	**11,632,654**		**11,632,654**	**-**
Less: Current portion**	-	(30,069,355)	-	(30,069,355)
Non current portion	**192,886,904**	**141,567,340**	**192,886,904**	**141,567,340**

30 INTEREST - BEARING BORROWINGS (Cont)

(i) Government Employees Pension Fund (SAGEPF) or PIC Loan

Details

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

				Group and Company	
Facility	**Loan type**	**Interest rate**	**Maturity**	**2021 TZS' 000'**	**2020 TZS' 000'**
USD 60 million PIC term loan A and USD 52 million PIC term loan B					
2021: USD 45,000,000 (2020: USD 45,000,000)	Loan A	6 months US Libor +3.9%	By September 2026	62,746,202	62,746,202
2021: USD 30,232,002 (2020: USD 30,232,002	Loan B	6 months US Libor +4.5%	By September 2025	53,533,114	53,533,114
Re-measurement loss on change in terms				4,927,949	4,927,949
Cumulative Fx revaluation at year end				46,835,534	47,036,068
Total principal amount				**168,042,799**	**168,243,332**
Interest accrued				13,211,451	3,393,364
Total amount outstanding				**181,254,250**	**171,636,696**

The current portion is made up as follows:		
Principal amount	-	26,675,991
Interest accrued	-	3,393,364
	-	**30,069,355**

** Following the signing of the 15 months stand-still agreement between PIC and Tanga Cement Plc as stated in Note 43, there is no current portion of the loan during the reporting period. All principal and interest amount will be payable after 15 months and therefore classified under Non-current Liability

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%
Afrisam Term Loan Facility	5,062,500	By February 2023	1m US Libor + 5.5%
	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.

30 INTEREST - BEARING BORROWINGS (Cont)

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.

Security pledged

(i) Secured by fixed and floating assets shared with National Bank of Commerce (NBC) Limited, Standard Chartered Bank Tanzania Limited and Afrisam 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	
	2021 TZS' 000'	2020 TZS' 000'	2021 TZS' 000'	2020 TZS' 000'
Standard Chartered Bank Tanzania Limited	8,943,460	9,240,011	8,943,460	9,240,011
National Bank of Commerce Limited (NBC)	9,956,855	9,853,785	9,956,855	9,853,785
Stanbic Bank (Tanzania) Limited	-	4,518,368	-	4,518,368
	18,900,315	**23,612,164**	**18,900,315**	**23,612,164**

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) (i) Secured by fixed and floating assets shared with National Bank of Commerce Limited, Afrisam 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, Afrisam and SAGEPF..

Interest rate

The overdraft bears a rate of interest of 6 months LIBOR rate plus 2.75% per annum (2020: 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 (2020: 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

30 INTEREST - BEARING BORROWINGS (Cont)

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 plus 3.5% margin with the floor rate of 8% per annum

Security held by the bank

(i) Secured by fixed and floating assets shared with Standard Chartered Bank Tanzania Limited, Afrisam 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, Afrisam 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 (2020: 6 months treasury bill rate plus 3.5% 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.

31 TRADE AND OTHER PAYABLES

	Group		Company	
	2021 TZS' 000'	2020 TZS' 000'	2021 TZS' 000'	2020 TZS' 000'
Trade accounts payable	14,342,287	23,999,567	14,079,495	23,577,115
Freight and duty clearing	2,594,712	2,146,282	2,594,712	2,146,282
Dividend payable	879,156	900,722	879,156	900,722
Accrued expenses	17,253,941	13,059,321	17,253,941	13,059,321
Other payables	6,670,676	5,626,867	6,670,678	5,626,867
	41,740,772	**45,732,759**	**41,477,982**	**45,310,307**

'The other payables balance as at year-end comprises accruals for received but not yet invoiced goods of TZS 1.39 billion and TZS 1.39 billion (2020: TZS 3.6 billion and TZS 3.6 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.

32 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	
	2021	**2021**	**2021**	**2020**
The contract liabilities are made up as follows:	**TZS' 000'**	**TZS' 000'**	**TZS' 000'**	**TZS' 000'**
Volume rebates	17,724	833,992	17,724	833,992
Advance payments from customers	6,840,853	7,416,365	7,201,298	7,776,810
	6,858,577	**8,250,357**	**7,219,022**	**8,610,802**
Movement in contract liabilities:				
Volume rebates				
At 1 January	833,992	259,378	833,992	259,378
Rebates awarded during the year	3,592,595	7,240,842	3,592,595	7,240,842
Rebates paid during the year	(4,408,863)	(6,666,228)	(4,408,863)	(6,666,228)
At 31 December	17,724	833,992	17,724	833,992
Advances payments from customers				
At 1 January	7,416,365	3,600,557	7,776,810	3,378,683
Advances received during the year	73,779,375	62,298,560	74,361,694	62,880,879
Advances amortised to revenue	(74,937,206)	(58,482,752)	(74,937,206)	(58,482,752)
At 31 December	**6,258,534**	**7,416,365**	**7,201,298**	**7,776,810**

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.

33 CASH GENERATED FROM OPERATING ACTIVITIES

	Group		Company	
	2021 TZS' 000'	2020 TZS' 000'	2021 TZS' 000'	2020 TZS' 000'
Reconciliation of operating profit to cash flows from operating activities:				
Operating profit	14,958,742	17,257,032	15,133,931	17,228,605
Adjusted for non cash items:	21,038,498	24,214,893	21,061,609	24,219,912
Depreciation charge	(2,879)	(88,649)	(2,974)	(118,459)
Decrease in ECL on bank balances	149,769	298,533	149,769	298,533
(Decrease)/ Increase in ECL on trade receivables	(126,481)	(2,714)	(238,323)	84,247
Bad debts write off	149,769	298,533	149,769	298,533
Increase/(decrease) in provision for leave pay	18,380	(68,041)	18,380	(68,041)
Gain on sale of property, plant & equipment (PPE)	(4,060)	(17,467)	(4,060)	(17,467)
Loss on de-recognition of PPE and investment property	4,803,075	253,749	4,803,075	253,749
(Decrease)/ increase in provision for obsolete inventories	1,650,399	(365,324)	1,650,399	(365,324)
Increase in site restoration provision	1,536	1,170	1,536	1,170
Operating profit before working capital changes	**42,486,979**	**41,483,182**	**42,573,342**	**41,516,925**
Increase in inventories - less provisions	(11,342,294)	(5,443,685)	(11,342,294)	(5,443,685)
(Increase)/decrease in trade and other receivables - gross	(5,792,396)	820,475	(5,931,823)	360,581
(Decrease)/Increase in trade and other payables	(3,991,987)	6,468,170	(3,832,325)	6,110,588
(Decrease)/increase in contract liabilities	(1,391,780)	4,381,640	(1,391,780)	4,972,741
Cash generated from operating activities	**19,968,523**	**47,709,783**	**20,075,120**	**47,517,150**

34 DIVIDENDS

No dividend was proposed, approved or paid during the year (2020: 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.

35 RELATED PARTY DISCLOSURES

Refer to Note 40 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.

		Group		Company	
		2021 TZS' 000'	2020 TZS' 000'	2021 TZS' 000'	2020 TZS' 000'
(a) Sales to related parties					
Related party	**Relationship**				
CDEAL - Management services fees	Subsidiary	-	-	722,720	746,554
(b) Purchases from related parties					
Related party	**Relationship**				
CDEAL - Rental Income	Subsidiary		-	167,261	124,162
CDEAL - Management service fees	Subsidiary		-	722,720	746,554
AfriSam South Africa (Pty) Ltd - Reimbursable expenses	Sister company	3,328,355	2,319,547	3,328,355	2,319,547
PIC (SAGEPF) - interest expense	Shareholder	9,736,853	11,733,105	9,736,853	11,733,105
PIC (SAGEPF) - principal loan and interest payment	Shareholder	-	33,528,962	-	33,528,962

AfriSam (Mauritius) Investment Holdings Limited is the immediate holding company which owns the majority of the shares in the Company. There were no transactions between AfriSam (Mauritius) Investment Holdings Limited and the Company during the year (2020: 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				
Short-term employee benefits (salary)	4,348,535	4,615,321	3,755,832	4,013,914
Post-employee benefits (Defined contribution plans)	454,412	509,524	399,496	447,441
	4,802,947	**5,124,845**	**4,155,328**	**4,461,356**

The amounts disclosed above are the amounts recognised as expenses during the reporting period related to key management personnel. As at 31 December 2021, there was no outstanding amount with key management personnel (2020: Nil). .

35 RELATED PARTY DISCLOSURES *(Cont)*

(c) KEY MANAGEMENT PERSONNEL *(Cont)*

	Group		Company	
	2021	2020	2021	2020
Directors' emoluments	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
Non-executive Chairman	42,188	26,930	42,188	26,930
Non-executive Directors	131,010	72,899	131,010	72,899
Executive Directors (included in key management personnel above)	2,386,393	1,838,723	2,386,393	1,838,723
	2,559,591	**1,938,552**	**2,559,591**	**1,938,552**

As at 31 December 2021, there were no outstanding balance with the directors (2020: 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	-	-	773,466	351,575
Cement Distributors (EA) Limited	-	-	1,305,724	1,316,833
Due to related companies				
Cement Distributors (EA) Limited	-	-	230,803	342,896
Cement Distributors Rwanda (EA) Limited	-	-	360,445	360,445
PIC (SAGEPF) - term loan	192,886,904	171,636,695	192,886,904	171,636,695
AfriSam South Africa (Pty) Limited	5,064,251	1,785,781	5,064,251	1,785,781

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 30.

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

Cement Distributors (E.A) Limited	-	-	(11,110)	17,859

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.

36 COMMITMENTS

Capital commitments

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

Approved and contracted for :				
Capital projects	240,079	1,337,317	240,079	1,337,317

36 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 and are entitled to receive cash. 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 2021, A = ((1100-1,360) x 703,000) = (182,780,000)

As at 31 December 2020, A = ((500-1,360) x 703,000) = (604,580,000)

As such, no liability was recognised in 2021 and 2020 as the appreciation value was below the allocation value

Group as Lessor

The Group has entered into operating leases on its warehouses. These leases have terms of between 6 months to 12 months. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The Leases are renewable after its expiry. Rental income recognised by the Group during the year is TZS 43 million (2020: TZS 31 million) as stated in note 7.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are, as follows:

Within one year	43,180	31,719	-	-
After one year but not more than five years	172,720	126,876	-	-

37 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 2021 and 31 December 2020.

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	
		2021	**2020**	**2021**	**2020**
	Note	**TZS' 000'**	**TZS' 000'**	**TZS' 000'**	**TZS' 000'**
Lease liabilities	29	4,985,158	10,994,583	4,760,813	10,973,639
Bank overdrafts	31	18,900,315	23,612,164	18,900,315	23,612,164
Term borrowings	31	192,886,904	171,636,695	192,886,904	171,636,695
Trade and other payables	32	41,740,772	45,732,759	41,477,982	45,310,307
Less: Cash and bank balances	26	(12,189,443)	(3,204,572)	(12,124,442)	(3,042,758)
Net debt		**246,323,705**	**248,771,629**	**245,901,572**	**248,490,047**
Total capital		139,128,839	136,010,419	138,566,720	134,856,650
Capital and net debt		**385,452,544**	**384,782,048**	**384,468,292**	**383,346,697**
Gearing ratio		**64%**	**65%**	**64%**	**65%**

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 2021 (2020: compliant).

38 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 2021	Amortised cost TZS' 000'	FVTPL TZS' 000'	Total TZS' 000'	Amortised cost TZS' 000'	FVTPL TZS' 000'	Total TZS' 000'
Financial assets						
Financial asset - Interest rate cap	-	1,023,611	1,023,611	-	1,023,611	1,023,611
Due from employees' share trust	-	-	-	773,466	-	773,466
Trade and other receivables	12,494,686	-	12,494,686	12,494,850	-	12,494,850
Cash and bank balances	12,124,442	-	12,189,443	12,124,442	-	12,124,442
	24,619,128	**1,023,611**	**24,684,129**	**25,392,758**	**1,023,611**	**26,416,369**
Financial liabilities						
Lease liabilities	4,985,158	-	4,985,158	4,760,813	-	4,760,813
Term borrowings	192,886,904	-	192,886,904	192,886,904	-	192,886,904
Trade and other payables	40,457,035	-	40,457,035	40,165,055	-	40,165,055
Bank overdrafts	18,900,315	-	18,900,315	18,900,315	-	18,900,315
	257,229,411	**-**	**257,229,411**	**256,713,087**	**-**	**256,713,087**
At 31 December 2020						
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
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**

38 FINANCIAL RISK MANAGEMENT *(Cont)*

Financial risk management policies*(cont)*
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.

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 2021 and 31 December 2020. 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	
2021 Group and Company	**1% increase**	**1% decrease**	**1% increase**	**1% decrease**
	TZS'000'	**TZS'000'**	**TZS'000'**	**TZS'000'**
Variable interest bearing financial instruments				
Term borrowings	(1,315,842)	1,315,842	(921,089)	921,089
Bank overdraft	(189,003)	189,003	(132,302)	132,302
	(1,504,845)	**1,504,845**	**(1,053,391)**	**1,053,391**
2020 Group and Company				
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**

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

38 FINANCIAL RISK MANAGEMENT *(Cont)*

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.

	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 2021						
Financial assets						
Financial asset - Interest rate cap	-	-	-	-	1,023,611	1,023,611
Trade and other receivables	-	-	-	-	12,494,686	12,494,686
Cash and bank balances	-	-	-	-	12,189,443	12,189,443
	-	**-**	**-**	**-**	**25,707,740**	**25,707,740**
Financial liabilities						
Lease liabilities	-	391,407	4,593,751		-	4,985,158
Term borrowings	-	-	135,995,442	56,891,462	-	192,886,904
Trade and other payables	-	-	-	-	40,457,035	40,457,035
Bank overdrafts	18,900,315	-	-	-	-	18,900,315
	18,900,315	**391,407**	**140,589,193**	**112,202,606**	**40,457,035**	**257,229,412**
Net exposure	**(18,900,315)**	**(391,407)**	**(140,589,193)**	**(112,202,606)**		
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
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)**		

38 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 2021						
Financial assets						
Financial asset - Interest rate cap	-	-	-	-	1,023,611	1,023,611
Due from employees' share trust	-	-	-	-	773,466	773,466
Trade and other receivables	-	-	-	-	12,494,850	12,494,850
Cash and bank balances	-	-	-	-	12,124,442	12,124,442
	-	**-**	**-**	**-**	**26,416,369**	**26,416,369**
Financial liabilities						
Lease liabilities	-	443,443	4,317,370	-		4,760,813
Term borrowings	-	-	135,995,442	56,891,462	-	192,886,904
Trade and other payables	-	-	-	-	40,165,055	40,165,055
Bank overdrafts	18,900,315	-	-	-		18,900,315
	18,900,315	**443,443**	**140,312,812**	**112,202,606**	**40,165,055**	**256,713,087**
Net exposure	**(18,900,315)**	**(443,443)**	**(140,312,812)**	**(112,202,606)**		
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
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)**		

38 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).

	2021		2020	
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%	(18,376,303)	10%	(18,346,733)
Net effect based on statement of financial position	-10%	18,376,303	-10%	18,346,733
Company				
Net effect based on statement of financial position	+10%	(18,376,303)	10%	(18,346,733)
Net effect based on statement of financial position	-10%	18,376,303	-10%	18,346,733

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 2021 and 31 December 2020 are summarised in the table below (All amounts expressed in TZS '000).

	Group - At 31 December 2021			
	Exposure in USD	**Exposure in EURO**	**Exposure in ZAR**	**Total in functional currency**
Financial assets				
Financial asset - Interest rate cap	1,023,611	-	-	1,023,611
Trade and other receivables	384,827	-	-	384,827
Cash and bank balances	11,681,404	-	-	11,681,404
	13,089,842	**-**	**-**	**13,089,842**
Financial liabilities				
Lease liabilities	-	-	-	-
Term borrowings	192,886,904	-	-	192,886,904.00
Trade and other payables	3,965,964	1,939,612	1,840,946.83	7,746,522.12
Bank overdrafts	-	-	-	-
	196,852,868	**1,939,612**	**1,840,946.83**	**200,633,426.12**
Net exposure	**(183,763,026)**	**(1,939,612)**	**(1,840,947)**	**(187,543,585)**

38 FINANCIAL RISK MANAGEMENT *(Cont)*

Foreign currency risk (continued)

	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)**

	Company - At 31 December 2021			
	Exposure in USD	Exposure in EURO	Exposure in ZAR	Total in functional currency
Financial assets				
Financial asset - Interest rate cap	1,023,611	-	-	1,023,611
Trade and other receivables	384,827	-	6,355	391,182
Cash and bank balances	11,680,285	38,344	46,077	11,764,706
	13,088,723	**38,344**	**52,432**	**13,179,499**
Financial liabilities				
Lease liabilities	37,685	-	-	37,685
Term borrowings	192,886,904	-	-	192,886,904
Trade and other payables	3,965,964	1,939,612	1,840,947	-
Bank overdrafts	-	-	-	-
	196,890,553	**1,939,612**	**1,840,947**	**192,924,589**
Net exposure	**(183,801,830)**	**(1,901,268)**	**(1,788,515)**	**(179,745,090)**

38 FINANCIAL RISK MANAGEMENT *(Cont)*

Foreign currency risk (cont)

	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
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)**

Applicable exchange rates:	USD	Euro	ZAR
Average for the year ended 31 December 2021	2,298	2,715	154
At 31 December 2021	2,298	2,606	145
Average for the year ended 31 December 2020	2,298	2,821	157
At 31 December 2020	2,287	2,806	157

(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.

38 FINANCIAL RISK MANAGEMENT *(Cont)*

Credit risk management (cont)

	Notes	Group		Company	
		2021 TZS' 000'	2020 TZS' 000'	2020 TZS' 000'	2020 TZS' 000'
Due from employees' share trust	22	-	-	773,466	351,575
Trade and other receivables	24	16,306,301	12,389,711	16,306,267	12,297,401
Bank balances	25	12,356,640	3,382,016	12,099,639	3,028,298
		28,662,941	**15,771,727**	**29,179,372**	**15,677,274**

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

	2021		2020	
	TZS'000	%	TZS'000	%
Trade receivables - third parties	4,243,551	100%	3,887,630	100%
Due from related parties	-	0%	-	0%
	4,243,551	**100%**	**3,887,630**	**100%**

Company

	2021		2020	
	TZS'000	%	TZS'000	%
Trade receivables - third parties	2,937,991	69%	2,790,991	68%
Due from related parties	1,305,724	31%	1,316,833	32%
	4,243,715	**100%**	**4,107,825**	**100%**

The terms and conditions for the amounts due from related parties are indicated in Note 35.

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

Group

	2021		2020	
	Number of customers	% of total receivables	Number of customers	% of total receivables
Owed less than or equal to TZS 200 million	257	39%	257	39%
Owed more than TZS 200 million	9	61%	10	61%
	266		**267**	

Company

	2021		2020	
	Number of customers	% of total receivables	Number of customers	% of total receivables
Owed less than or equal to TZS 200 million	211	34%	209	34%
Owed more than TZS 200 million	7	66%	8	66%
	218		**217**	

38 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	**2021**		**2020**	
	Total amount held	**% of total receivables**	**Total amount held**	**% of total receivables**
Bank guarantees	680,431	8%	523,098	7%
Letters of credit	-	0%	547,526	7%
Cash deposit	-	0%	78,604	1%

Company	**2021**		**2020**	
	Total amount held	**% of total receivables**	**Total amount held**	**% of total receivables**
Bank guarantees	680,431	8%	523,098	7%
Letters of credit	-	0%	547,526	7%
Cash deposit	-	0%	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 such as inflation and GDP rates.

Set out below is the information about the credit risk exposure on the trade receivables using a provision matrix:

Group

At 31 December 2021	**30 days**	**31- 60 days**	**61- 90 days**	**91-120 days**	**Over 120 days**	**Total**
Gross carrying amount (TZS'000)*	3,232,136	937,370	384,772	121,016	3,379,872	8,055,166
Expected credit loss rate (%)	5%	13%	24%	55%	100%	
Expected credit loss (TZS'000)	145,626	126,419	93,587	66,111	3,379,872	3,811,615

At 31 December 2020	**30 days**	**31- 60 days**	**61- 90 days**	**91-120 days**	**Over 120 days**	**Total**
Gross carrying amount (TZS'000)*	3,427,284	562,905	45,387	69,251	3,629,660	7,734,487
Expected credit loss rate (%)	4%	8%	30%	51%	100%	
Expected credit loss (TZS'000)	122,123	46,059	13,829	35,186	3,629,660	3,846,857

Company

At 31 December 2021	**30 days**	**31 - 60 days**	**61- 90 days**	**91-120 days**	**Over 120 days**	**Total**
Gross carrying amount (TZS'000)	3,561,249	699,037	294,017	121,016	3,379,814	7,374,701
Expected credit loss rate (%)	4%	18%	32%	55%	100%	
Expected credit loss (TZS'000)	145,486	126,419	93,587	66,111	3,379,814	3,811,417

38. FINANCIAL RISK MANAGEMENT *(Cont)*

Credit risk management (cont)

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)	3,712,800	562,905	45,387	45,387	69,251	3,254,092	7,644,435
Expected credit loss rate (%)	4%	18%	30%	30%	47%	100%	
Expected credit loss (TZS'000)	133,727	102,350	13,829	13,829	32,612	3,254,092	3,536,610

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 receivables of TZS 680.4 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 2021					
Lease liabilities	195,186	447,245	3,317,490	39,775,080	43,735,001
Term borrowings	-	-	135,995,442	56,891,462	192,886,904
Trade and other payables	-	41,740,773	-	-	41,740,773
Bank overdrafts	18,900,315	-	-	-	18,900,315
	19,095,501	**42,188,018**	**139,312,932**	**96,666,542**	**297,262,993**
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**
Company					
At 31 December 2021					
Lease liabilities	195,186	499,099	3,317,490	39,775,080	43,786,855
Term borrowings	-	-	135,995,442	56,891,462	192,886,904
Trade and other payables	-	41,477,981	-	-	41,477,982
Bank overdrafts	18,900,315	-	-	-	18,900,315
	19,095,501	**41,977,080**	**139,312,932**	**96,666,542**	**297,052,056**
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
Bank overdrafts	23,612,164	-	-	-	23,612,164
	23,612,164	**83,582,160**	**144,076,582**	**54,084,477**	**305,355,383**

39 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 (2020: TZS 1.6 billion).

As at 31 December 2021, there was an ongoing legal dispute over land with villagers from Pande who are claiming TZS 7 billion from the Company. The directors, based on the advice of external legal counsel, expect the above cases will not result into material liabilities.

(b) Taxation

The Group is regularly subject to audits and examination by the tax authority of its direct and indirect tax filings. The consequence of such reviews is that in some instances, disputes can arise with the tax authority over the interpretation or application of certain tax rules where these tax laws are ambiguous and subject to a broad range of interpretations. To address and manage this tax uncertainty, good governance is fundamental to the Group's business sustainability. The major tax positions taken are thus subject to review by executive management and reported to the Board. The Group has support from external advisors supporting the positions taken in respect of the significant tax matters which support the application and interpretation of the tax legislation. The Group has considered all matters in dispute with the tax authority and has accounted for any exposure identified, if required.

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

	Status	Group		Company	
		2021 TZS' 000'	2020 TZS' 000'	2021 TZS' 000'	2020 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	Settled	-	-	-	-
CDEAL open tax assessment (2013 - 2017) - Withholding tax on rent	Settled	-	1,600	-	-
CDEAL open tax assessments (2013 - 2017) - Income tax	Settled	-	138,966	-	-
CDEAL open tax assessment (2014 - 2017) - Skills and development levy	Settled	-	69,637	-	-
CDEAL open tax assessment (2018) - Value Added Tax	Settled	-	325,325	-	-
CDEAL open tax assessment (2018) - Paye As You Earn	Settled	-	275,052	-	-
CDEAL open tax assessment (2018) - Skills and development levy	Settled	-	47,408	-	-
CDEAL open tax assessment (2018) - Income tax	Settled	-	14,480	-	-
CDEAL open tax assessment (2018) - Withholding Tax - Rental	Settled	-	7,641	-	-
"CDEAL open tax assessment (2018) - Withholding Tax - Resident	Settled	-	1,710	-	-
TCPLC open tax assessments (2015) - Income Tax	Appealed	3,133,435	3,133,435	3,133,435	3,133,435
TCPLC open tax assessment (2016 - 2018) - Paye As You Earn	Appealed	181,868	181,868	181,868	181,868
TCPLC open tax assessment (2016 - 2018) - Skills and development levy	Appealed	231,142	231,142	231,142	231,142
TCPLC open tax assessment (2015 - 2018) - Value Added Tax input tax disallowance on accommodation	Appealed	316,508	316,508	316,508	316,508
TCPLC open tax assessment (2015 - 2018) - Value added tax	Appealed	4,208,250	4,208,250	4,208,250	4,208,250
TCPLC open tax assessment (2016 - 2018) - Withholding tax on services (Resident)	Appealed	1,354,813	1,354,813	1,354,813	1,354,813
TCPLC open tax assessment (2016 - 2018) - Withholding tax on rent (Other Assets)	Appealed	40,031	40,031	40,031	40,031
TCPLC open tax assessment (2015 - 2018) - Withholding tax on services (Non-resident	Appealed	390,344	390,344	390,344	390,344
		10,642,391	**11,524,210**	**10,642,391**	**10,642,391**

39 CONTINGENT LIABILITIES *(Cont)*

(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.

40 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.

41 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.

Except for the Group and Company's interest cap, investment property and employees shares trust, 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.

For valuation techniques on investment property, the Group engaged an independent professional valuer to determine the fair value of the property. Further details are in note 18 of these financial statements.

For Employees shares trust, the share prices are as quoted in Dar es Salaam stock exchange market.

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)**	
		2021	**2020**
Market approach	6 months LIBOR interest rates	0.16% - 0.34%	0.27% - 0.26%
	TZS:USD foreign exchange rates	2,286- 2,309	2,287 -2,310

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

Market approach	TZS:USD foreign exchange rates	2,286- 2,309	2,287 - 2,310

41 FAIR VALUE MEASUREMENTS *(cont)*

Fair value measurement hierarchy for assets as at 31 December 2021:

Assets measured at fair value	Date of valuation	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		TZS'000	TZS'000	TZS'000
Interest rate cap	31-Dec-21	-	1,023,611	-
Investment property	31-Dec-21	-	-	2,418,000
Employees share trust	31-Dec-21	773,466	-	-
Fair value measurement hierarchy for assets as at 31 December 2020:				
Interest rate cap	31-Dec-20	-	229,170	-
Investment property	31-Dec-20	-	-	2,161,000
Employees share trust	31-Dec-20	351,575	-	-

42 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 2021 (2020: None)..

	Group		Company	
	2021	2020	2021	2020
	TZS' 000'	TZS' 000'	TZS' 000'	TZS' 000'
Location of non-current assets				
Non-current assets located in Tanzania	306,956,205	324,690,845	306,097,084	323,597,275
Non-current assets located in Rwanda*	3,870	3,870	-	-
	306,960,075	**324,694,715**	**306,097,084**	**323,597,275**
Source of revenue				
Revenue from Tanzania	230,046,501	205,066,948	230,046,501	205,066,948
Revenue from Rwanda	735,185	7,445,312	735,185	7,445,312
	230,781,686	**212,512,260**	**230,781,686**	**212,512,260**

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

43 GOING CONCERN ASSESSMENT

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 had a debt balance classified as long-term loan totalling TZS 181 billion relating to PIC term loans which is repayable between 2021 and 2027 and of which TZS 43 billion (comprising TZS 27 billion and TZS 16 billion of principal repayments and accrued interests, respectively) was scheduled for repayment in the foreseeable future.

The Group and the Company continue to experience severe cashflow constraints limiting its ability to continue operations relying solely on its cashflows from operations without obtaining financial support from its shareholders, securing waiver of default events and related enforcement and obtaining moratorium on repayments of principal and interest on PIC loan, and securing working capital facility.

As at the year end, the Group and the Company were current with the total debt repayment obligations to PIC, following an execution of the Standstill and Amendment Agreement with its lenders covering 15 months from 30 November 2021.

The default events which had occurred in the current and prior years, and which however have been mitigated by the Standstill and Amendment Agreement were 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.
- 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 are therefore unable to meet the PIC debt repayment obligations falling due in the foreseeable future relying solely on its cashflows from operations and working capital facilities.

However, 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.

Improved business operation during the year

The Group and the Company each closed the year with profits for the year of TZS 3,542 million and TZS 3,710 million, respectively compared to losses of TZS 2,112 million and TZS 2,155 million recorded by each, respectively in 2020,

The Group and the Company each closed the year with net current asset positions of TZS 30,626 million and TZS 30,654 million respectively compared with net current liability positions of TZS 40,025 million and TZS 40,053 million recorded by each, respectively in 2020,

The Group and the Company each closed the year with improved net decrease in cash and cash equivalents of TZS 6,711 million and TZS 6,775 million, respectively compared with a net decrease in cash and cash equivalents of TZS 20,408 million and TZS 20,569 million recorded by each, respectively in 2020.

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 Bank Tanzania Limited ("Standard Chartered") and the National Bank of Commerce ("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 management and directors expect to complete the ongoing restructuring of its PIC debts during the period provided in the Standstill and Amendment Agreement.

Restoring working capital facilities

(i). During the end of November 2021, the Group and the Company successfully reinstated its working capital facilities with Standard Chartered Bank Tanzania Limited ("StanChart") for 15 months working capital facility of USD 4 million and the National Bank of Commerce Limited Tanzania ("NBC") for 15 months working capital facility of TZS 10 billion.

43. GOING CONCERN ASSESSMENT*(Cont)*

(ii). On 25 November 2021, the Company has also signed a 15-month term loan facility from its parent company AfriSam (Mauritius) Investment Holding Limited to replace the Stanbic Bank Tanzania Limited 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 include:

- The directors and majority shareholder have a common understanding that the loss and net liability positions are caused by the impact of the PIC loan on the Group's and the Company's financial results and position, and that otherwise, the Group and the Company are solvent with positive net cash flows from operations and positive EBITDA, and that this is expected to continue for the foreseeable future. The directors expect that the positive business fundamentals will support the Group's 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 lenders (PIC in particular) and creditors as they fall due; continue to enforce strict policies and procedures for extending credit to customers to minimise the default rate; negotiate and formalise extended credit terms with suppliers where necessary; continue to apply hedging strategies on foreign currency payments due to minimise translation risk; continue strong relationship building with senior debt provider and with commercial banks providing overdraft facilities; and implementation of new innovative strategic projects to further improve sales growth and margin improvement.

- The majority shareholder, as confirmed by its representatives on the Board, continues to be committed to the Group and 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 liquidity position.

Material uncertainties

(i). Management have assumed that during the Standstill period expiring on 28 February 2023 the share acquisition transaction as stated in Note 46 to the financial statements and which includes a take-out of the PIC debt by the acquirer will be concluded successful and to the contrary the PIC debt restructuring process aiming to enable the Group and the Company to meet its operational and loan obligations as they fall due in the normal course of business in a sustainable manner will resume and be completed successful. Management have further assumed that should the above two events not be completed by the expiry of the Standstill period; it will be able to negotiate and secure extension of the Standstill period for a further period; and obtain approval of the Lenders and shareholders to enable successful conclusion of the debt restructuring process. The management are aware of the material uncertainties relating to their major assumptions as stated above. That, the inability to extend further the Standstill period on the same terms by the expiry date would result in default on debt covenants whereby the entire PIC loan and the intertwined short-term facilities will become payable immediately and the related enforcement rights restored. For the period after the expiry of the Standstill Agreement there is no certainty on obtaining Lenders or shareholders' financial and other support as and when required e.g., through working capital facility or equity financing; providing the required approvals to mobilise funding from other sources, restructuring its debt; and supporting the Group and the Company to extend moratoria and covenant breach waivers for existing loan obligations.

(ii). As stated in Note 46 to the financial statements, the share acquisition transaction contains conditions precedent and subsequent. There is no certainty that the conditions will be fulfilled, or if applicable, waived successful and timely.

(iii). Successful and timely conclusion on the PIC debt restructuring process in a manner that would enable the Group and the Company to meet its operational and loan obligations as they fall due in the normal course of business in a sustainable manner. Currently, the debt restructuring process has been temporarily halted pending the conclusion of the share acquisition transaction. There can be no certainty as to the timeliness and whether the PIC debt restructuring will be concluded successfully.

The above conditions give rise to a material uncertainty which may cast significant doubt about the Group's and Company's ability to continue as going concerns and, therefore that they may be unable to realise assets and discharge liabilities in the normal course of business.

The directors are not aware of any other material uncertainties or matters that may cast significant doubt upon the Group's and the Company's ability to continue as going concerns and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. 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 matters explained above, the consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that forecast performance targets will be achieved; share acquisition transaction or the PIC debt restructuring will be concluded timely and successfully, or the Company will obtain extended waiver of covenant breaches, enforcement, and moratoria on repayment of principal and interest on PIC loan; sufficient resources will be available to finance future operations and that realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business

44 COVID-19 PANDEMIC CONSIDERATIONS

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 directors and management have qualitatively assessed the potential impact of the pandemic as follows:

- 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.
- Increase in working capital resulting from increase in stockholding by the company to mitigate any supply chain disruption that may lead to longer lead time.

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.

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.

45 EVENTS AFTER THE REPORTING PERIOD

In February 2022, a number of countries (including the US, UK and EU) imposed new sanctions against certain entities and individuals in Russia as a result of the official recognition of the Donetsk People Republic and Lugansk People Republic by the Russian Federation. Announcements of further additional sanctions have been made following military operations initiated on 24 February 2022. These events and the consequential impact on global economies and markets are considered to be a non-adjusting subsequent event. The Group does not trade with Russia or Ukraine, and none of its parents or affiliates trade with Russia. There has been no material impact on operations to date as a result of these events.

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

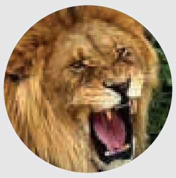
46 PROPOSED ACQUISITION BY SCANCEM INTERNATIONAL DA OF 68.33% OF THE SHARES IN TANGA FROM AFRISAM MAURITIUS INVESTMENT HOLDINGS LIMITED TANGA CEMENT PUBLIC LIMITED COMPANY

On 26 October 2021 joint announcement were made by HeidelbergCement AG ("Heidelberg Cement") and the Company's parent AfriSam Mauritius Investment Holdings Limited ("AfriSam"), that Scancem International DA ("Scancem"), a subsidiary of HeidelbergCement, and AfriSam have finalised the terms upon which Scancem will acquire AfriSam's 68.33% shareholding in the Company. The management were duly informed of the Acquisition by AfriSam shortly after the Acquisition transaction agreements were concluded.

The management are taking appropriate advice and follow the steps required of it in terms of the Capital Markets and Securities (Substantial Acquisitions, Takeovers and Mergers) Regulations, 2006. The management will communicate further with the shareholders in due course in this regard. The Acquisition is subject to the fulfilment, or if applicable, waiver of a number of conditions precedent ("the Conditions") by 30 June 2022 or such later date as the parties may agree in writing. These Conditions are set out in detail in the joint announcement by AfriSam and HeidelbergCement. The indicative price per share to be paid by Scancem to AfriSam is TZS 3,157 per Tanga share ("the Acquisition Price"). The Acquisition Price is also subject to potential adjustments relating to debt, working capital and other expenses. HeidelbergCement and AfriSam cautioned that material uncertainty exists on the final Acquisition Price. 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 ("the General Offer"). Shareholders are cautioned that 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. Shareholders are accordingly advised to continue to exercise caution when dealing in Company's securities.

47 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 Friday 10 November 2023 at 9:00am, online through the Microsoft Teams platform, or at any adjournment thereof.

Signed and witnessed on this day of 2023

....
(Signature/s)

Fomu ya Mwakilishi

Katibu wa Kampuni
Tanga Cement Public Limited Company
S L P 5053
Tanga

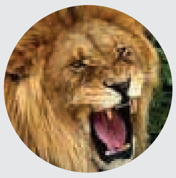
Tafadhali jaza kwa herufi kubwa

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 siku ya Ijumaa tarehe 10 Novemba 2023 kuanzia saa tatu (3:00) kamili asubuhi, kupitia mtandao wa mawasiliano wa kidigitali wa Microsoft Teams, au mahali popote patakapo amuliwa.

Kama shahidi saini yangu/zetu leo Tarehe 2023

....
(Saini)



NOTICE TO MEMBERS

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

Notice is hereby given that the twenty-eight Annual General Meeting of Shareholders of Tanga Cement Public Limited Company will be held at Serena Hotel Dar es Salaam, Marquee Hall. and online through Microsoft Teams platform using the link: bit.ly/46kFU96 on Friday 10 November 2023 at 9:00am, for the following purposes:

1. **Notice of Meeting**
   Notice convening the meeting to be taken as read.

2. **Approval of Minutes**
   To approve and sign the minutes of the twenty seventh Annual General Meeting held on 25 February 2022.

3. **Financial Statements and Directors' Reports**
   To review and adopt the Financial Statements and Directors' report for the year ended 31 December 2021 and 31 December 2022.

4. **Dividend for the year ended 31 December 2021 and 31 December 2022**
   Shareholders to note the proposal from the Board not to declare a final dividend for the financial year ended 31 December 2021 and 31 December 2022.

5. **Amendments to Memorandum and Articles of Association**
   To approve the amendments to the Memorandum and Articles of Association

6. **Confirmation and appointment of Directors**
   To confirm and appoint Directors to the Board.

7. **Approval of Directors Remuneration**
   To approve the non-directors' remuneration for the 2023 financial year.

8. **Appointment of External Auditors**
   To approve the appointment of the External Auditors for the 2023 financial year.

9. **General**
   Any other business.

Any member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote on their behalf. If a member is an organisation then they must submit proxy forms and a Board resolution to approve the appointment of the proxy. These proxies are to reach the registered office of the Company not less than 48 hours before the time of the meeting. Members and holders of proxies are required to bring with them acknowledgements of receipt of delivery of proxy forms, copies of proxy forms and identification card for registration purposes.

By order of the Board.

Quresh Ganijee
Company Secretary
11 October 2023

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 nane wa wanahisa wa Tanga Cement PLC utafanyika katika Ukumbi wa Marquee, Serena Hotel, Dar es Salaam na kwa njia ya mtandao wa mawasiliano wa kidigitali wa Microsoft Teams kupitia kiungo: bit.ly/46kFU96, siku ya Ijumaa tarehe 10 Novemba 2023 kuanzia saa tatu (3:00) kamili 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 saba uliofanyika tarehe 25 Februari 2022
3. **Taarifa za Fedha na Ripoti za Wakurugenzi**
   Kupitia na kupitisha Taarifa za Fedha na ripoti za Wakurugenzi kwa mwaka ulioishia tarehe 31 Desemba 2021 na 31 Disemba 2022.
4. **Gawio kwa mwaka ulioishia tarehe 31 Disemba 2021 na 31 Disemba 2022**
   Wanahisa kuzingatia pendekezo kutoka Bodi la kutotangaza gawio la miwsho kwa mwaka wa fedha ulioshia tarehe 31 Disemba 2021 na 31 Disemba 2022.
5. **Marekebisho ya Memoranda na Vifungu vya Kanuni za Makampuni**
   Kuthibitisha marekebisho kwenye Memoranda na Vifungu vya Kanuni za Makampuni.
6. **Uthibitisho na Uteuzi wa Wakurugenzi**
   Kuthibitisha na Kuteua Wakurugenzi wa Bodi.
7. **Kuidhinisha Mapato ya Wakurugenzi**
   Kuidhinisha mapato ya Wakurugenzi kwa mwaka wa fedha 2023.
8. **Uteuzi wa Wakaguzi wa Nje**
   Uidhinisha uteuzi wa Wakaguzi wa Nje kwa mwaka wa fedha 2023.
9. **Majumuisho**
   Mengineyo.

Mwanachama yeyote anayestahili kuhudhuria na kupiga kura kwenye mkutano ana haki ya kuchagua mwakilishi au wawakilishi na kupiga kura kwa niaba yake. Kama mwanachama ni shirika basi mwakilishi anatakiwa fomu za uwakilishi pamoja na maamuzi ya Bodi ya kumteua mwakilishi huyo. Fomu hizo zifike katika ofisi iliyosajiliwa ya Kampuni si chini ya ya masaa 48 kabla ya muda wa mkutano kuanza. Wanachama au wawakilishi wanatakiwa kuja na risiti ya amana na kitambulisho kwaajili ya usajili.

Kwa agizo la Bodi.

Quresh Ganijee
Katibu wa Kampuni
11 Oktoba 2023


PRESIDENT'S MANUFACTURER OF THE YEAR AWARDS
PMAYA
OVERALL WINNER 2020
cti
Confederation of Tanzania Industries


(NBAA)
The National Board of Accountants and Auditors - Tanzania
This Award is given to
Tanga Cement Public Limited Company
as
1st Winner
in the
Manufacturing Category
for the Best Presented
Financial Statements Award
for the year 2021
Awarded on
30th November, 2022
Cti
OVERALL WINNER
2022
Cti
WINNER 2022
BUILDING AND
CONSTRUCTION MATERIALS
CEMENT
PMAYA

SIMBA
CEMENT
STRENGTH WITHIN

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