### Financial Highlights

#### Figures in TZS '000

<table>
<thead>
<tr>
<th>Year</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees (yearly average)</td>
<td>292</td>
<td>304</td>
<td>312</td>
<td>322</td>
<td>342</td>
<td>358</td>
</tr>
<tr>
<td>Revenue</td>
<td>69,038,626</td>
<td>80,203,239</td>
<td>119,764,889</td>
<td>148,709,578</td>
<td>178,999,595</td>
<td>199,600,699</td>
</tr>
<tr>
<td>Operating income before deprecations</td>
<td>26,160,677</td>
<td>31,019,963</td>
<td>48,147,156</td>
<td>56,480,555</td>
<td>79,479,085</td>
<td>85,859,299</td>
</tr>
<tr>
<td>Operating income</td>
<td>23,579,136</td>
<td>28,251,077</td>
<td>45,240,284</td>
<td>51,159,844</td>
<td>71,982,795</td>
<td>75,881,736</td>
</tr>
<tr>
<td>Profit/loss for the financial year</td>
<td>15,628,386</td>
<td>19,500,037</td>
<td>30,111,586</td>
<td>34,962,320</td>
<td>47,992,970</td>
<td>50,205,052</td>
</tr>
<tr>
<td>Earnings per share (TZS)</td>
<td>86.86</td>
<td>108.38</td>
<td>167.36</td>
<td>194.32</td>
<td>266.74</td>
<td>279.04</td>
</tr>
<tr>
<td>Dividend per share (TZS)</td>
<td>17.37</td>
<td>28.00</td>
<td>43.00</td>
<td>70.00</td>
<td>130.00</td>
<td>139.51</td>
</tr>
<tr>
<td>1) For 2010 proposed dividend</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total investments in fixed assets</td>
<td>3,027,141</td>
<td>5,394,417</td>
<td>34,475,634</td>
<td>65,273,645</td>
<td>27,904,244</td>
<td>6,082,331</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>-2,581,541</td>
<td>-2,768,886</td>
<td>-2,906,872</td>
<td>-3,320,711</td>
<td>-7,496,290</td>
<td>-9,977,563</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>27,018,688</td>
<td>29,416,448</td>
<td>60,200,945</td>
<td>122,152,602</td>
<td>142,383,084</td>
<td>138,879,244</td>
</tr>
<tr>
<td>Current assets</td>
<td>25,008,753</td>
<td>39,422,383</td>
<td>42,765,870</td>
<td>46,513,380</td>
<td>49,953,054</td>
<td>78,290,725</td>
</tr>
<tr>
<td>Equity</td>
<td>37,441,143</td>
<td>53,816,493</td>
<td>78,890,233</td>
<td>166,115,859</td>
<td>141,514,212</td>
<td>168,329,261</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>8,266,189</td>
<td>8,291,583</td>
<td>7,234,509</td>
<td>11,165,759</td>
<td>24,168,847</td>
<td>25,728,556</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>6,320,109</td>
<td>6,730,754</td>
<td>16,842,004</td>
<td>51,364,363</td>
<td>26,653,078</td>
<td>23,112,152</td>
</tr>
</tbody>
</table>

#### Memo items:
- Average exchange rate TZS/USD: 1,130, 1,253, 1,245, 1,193, 1,319, 1,412
- Closing exchange rate TZS/USD: 1,168, 1,262, 1,132, 1,280, 1,327, 1,470

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1. Letter of Transmittal
2. Chairman’s Statement
3. Managing Director's Report
4. Board of Directors
5. Company Information
6. Directors’ report for the year ended 31 December 2010
7. Statement of Directors’ Responsibilities
8. Independent Auditors’ Report

#### Tanzania Portland Cement Company Annual Accounts
- Statement of Comprehensive Income
- Financial Position
- Statement of Changes in Equity
- Cash Flow Statement
- Notes to the Financial Statements
The Shareholders,
TANZANIA PORTLAND CEMENT COMPANY LIMITED

The Directors of the Company have the pleasure to submit to you the Annual Report for the Company for the year ended 31st December 2010 in accordance with section 166 of the Companies Act, 2002.


The Directors recommend a final dividend of TZS 139.51 per share compared to TZS 130.00 per share last year.

Jean-Marc Junon

CHAIRMAN
Tanzania Portland Cement Company Limited

Kwa Wanahisa,
TANZANIA PORTLAND CEMENT COMPANY LIMITED


Taarifa hii inajumua, Tamko la Mwenyekiti, Ripoti ya Mkurugenzi Mtendaji, Hesabu za mwaka, Ripoti ya Wakurugenzi na Ripoti ya Wakaguzi kuhusu hesabu hizo.

Wakurugenzi wanapendekeza gawio la shilingi za Kitanzania 139.51 kwa hisa ikilinganishwa na shilingi 130.00 kwa hisa zilizotolewa mwaka jana.

Jean-Marc Junon

MWENYEKITI
Tanzania Portland Cement Company Limited
CHAIRMAN’S STATEMENT

for the year ended 31st December 2010

“SAFETY OF OUR WORKERS IS A PRIORITY”
Introduction

Tanzania Portland Cement Company Ltd (TPCC) confirmed its leadership position in the market with an increase in turnover and a consolidation of its profit.

Economic and Business Environment

With a GDP growth of 6.7% in 2010, Tanzania is clearly on the recovery path after the 2008-2009 global economic crises. With a substantial number of projects launched in infrastructure before the General Election held in October, the construction sector recorded another surge in activity, with an estimated growth of 18% in cement demand compared to 2009.

In their meeting of June 2010, EAC states failed to agree on the re-instatement of the status of sensitive product for cement and subsequent suspended duties in the external common tariff.

In their meeting of June 2010, EAC states failed to agree on the re-instatement of the status of sensitive product for cement and subsequent suspended duties in the external common tariff.

Widest distribution network

After successfully completing its production expansion project, bringing the annual capacity to 1.4 million metric tons of cement, TPCC is now strengthening its market position. The nomination of new distributors to better supply the Northern market and the extension of distributorship agreements in Southern region are now giving TPCC an extensive distribution network throughout the country.

Financial Performance

Despite the effect of price reduction in June 2009, TPCC turnover increased by about 12% compared to 2009 as a result of higher sales volumes. Operating profit was up by over 5%. Over the last 5 years (2006-2010), the company has been able to multiply both its turnover and operating profit by 250%.

Outlook

While the local manufacturing industry is likely to remain exposed to unfair competition of imported cement, the trend of the construction activities in the country, both in the private sector (housing, commercial buildings, etc) as well as in the public sector (infrastructure projects) should remain very positive.

With the recent expansion of its production capacity and its expanded distribution network, TPCC is well positioned to serve this growing demand for high quality cement and is determined to remain a leading player in the regional cement market.

Few issues could, however, make the situation more difficult if not attended properly by the relevant authorities and stakeholders. The ongoing power crisis is seriously affecting all businesses in the country and could lead to a severe slow down of activity.

In October 2010, TPCC won the long standing court case against invaders of its quarry land. The cooperation with the local authorities is ongoing for implementation of the verdict and eviction of the invaders. It is of paramount importance that this process is brought to a rapid end as access to needed raw materials is linked to this. The process is also watched by a number of observers and could directly impact on the level of Foreign Direct Investments (FDI) in the country.

Corporate Citizenship

TPCC reaffirms its commitment to the principles of good governance and citizenship. We recognise and accept our responsibility to work with our various stakeholders, including government, to foster sustainable economic growth, safe working conditions, ensure environmentally sound business practices, provide adequate employee welfare, and deliver acceptable returns to our shareholders.

TPCC makes significant contributions to the Tanzanian economy through government taxes, technology improvements, international business standards, community development programs, and by performing its core activity: making cement available for building the country.

In October 2010, TPCC won the long standing court case against invaders of its quarry land. The cooperation with the local authorities is ongoing for implementation of the verdict and eviction of the invaders. It is of paramount importance that this process is brought to a rapid end as access to needed raw materials is linked to this. The process is also watched by a number of observers and could directly impact on the level of Foreign Direct Investments (FDI) in the country.

Finally, I wish to express my appreciation to my fellow Board members, management and staff of TPCC for their dedication and good work, as well as to our suppliers, customers and other stakeholders for their loyalty and support in 2010.
TAMKO LA MWENYEKITI

Mazingira ya Uchumi na Biashara


Utangulizi

Kampuni ya Saruji Tanzania (TPCC) imethibitisha faida wa kuchumi wa Tanzania na biashara wa Kaskazini kwa uchumi wa dunia. Mwenye kila mwezi, Tanzanian Portland Cement Company Ltd, inaendelea na msimamo wake kwa mazingira ya uchumi na biashara. Kampuni inatoleka mkubwa na faida kwa uchumi wa Tanzania na biashara wa Kaskazini. Wala uwezo wa kuchumi na biashara kama hilo wengine wakilichokana katika mazingira ya uchumi na biashara.

Utendaji Kifedha

Licha ya kupunguza bei ya saruji mwezi Juni 2009, mauzo yaliongezeka kiasi mwaka 2010. Thamani ya Kampuni ilikuwa shilingi 1,640 kwa hisa na kufikia shilingi 1,800 mwaka uliopita kwa uchumi wa Tanzania. Thamani ya shilingi 1,640 kwa hisa itaandikazia kwamba, mwili wake unaendelea kwa uchumi wa Tanzania kama uchumi wa kijamii. Hii imeandikazia kwamba, Kampuni inaendelea na msimamo wake kwa mazingira ya uchumi na biashara, kwa uwezo wa kuchumi na biashara katika Tanzania.
2ND SECTION
MANAGING DIRECTOR’S REPORT

for the year ended 31st December 2010
Introduction

The performance of the company has once again been excellent in the year under review. Despite a very competitive environment with increased pressure from the local manufacturers and the imported cement, we managed to increase our sales volumes, thanks to our widespread distribution network. The increasing output of the new production line allows us to keep pace with the growing market and to be less dependent on clinker imports. The development of the local sources of gypsum is also a good achievement in this direction, making us less dependent on imports.

Sales

The sustained growth of the construction activities coupled with increased availability of cement after the completion of TPCC’s expansion project has led to a sharp rise in our sales volumes with approximately 12% more than 2009. The estimated market share of TPCC has been equivalent to 2009, approximately 46%.

The highest growth of our delivery volumes has once again been recorded in Lake Area where we have managed to consolidate our market share of TPCC has been equivalent to 2009, approximately 46%.

The highest growth of our delivery volumes has once again been recorded in Lake Area where we have managed to consolidate our market share of TPCC has been equivalent to 2009, approximately 46%.

Operations

The first round of activities at TPCC in 2010 aimed at finalizing the expansion project by:
- Installing a second automatic reclaimer system for the limestone, ensuring an enhanced quality of the final product.
- Finalizing the new building enclosing the central control room where all machines are piloted with the most recent technologies and the laboratory where the quality of the cement is checked at several stages of its manufacturing process.

- Erecting and commissioning a 5th packing machine that brings the total dispatch capacity of TPCC at more than 6,000 metric tons of cement per day.

The second round was directed at increasing the reliability of the new production line and its new technologies. For this, fine tuning of the installation and intensive training has been organised, both on site and at external locations.

Waiting for the complete revamping of kiln 3 (including the installation of a new filter), kiln 2 was restarted after an extended maintenance period. It is now planned to run it until second quarter 2012 when the kiln 3 rehabilitation and upgrading would be finished and the 900 tons per day line would be back in production. Kiln 2 will then be stopped and undergo a similar upgrading, aiming at restarting early 2013.

Financial performance

2010 was also successful in financial terms. While revenues grew by 11%, in line with the volume increase, the operating results are increased by 5% as extensive maintenance operations were needed, not only for the re-starting of kiln 2 as described above but also to maintain the cement mills 1, 2 and 3 that had above normal level operations in 2007 and 2008 when the demand of cement was surpassing the capacity of TPCC.

Following the tax assessment issue, which was reported last year, discussions with TRA are ongoing and a reduction of 2/3rd of the initial 9 billion TZS tax assessment brought forward in 2008 has already been proposed by the TRA. While this is a significant step in the resolution of the issue, TPCC is still of the opinion that most of the remaining disputed amount has to be cleared by TRA and additional arguments have been filed.

Corporate Citizenship

In 2010, the Company also played its role as a responsible Corporate Citizen on many occasions. It offered cement to the victims of the devastating floods that hit Central Tanzania in April (Kilosia). It initiated the renovation of a primary school in partnership with its Lake Region Distributor – Mwanza Huduma (Ushashi Primary School). It helped several other schools and orphanages around the country – Bagamoyo, Ilula, Kimara, Ilala, Kinondoni and many others.

Such actions are always directed at helping those in direct need and helping to secure the future of the country through supporting education.

The Company also put in place an Environmental Management System and was awarded the internationally recognized ISO 14001 Certification, officially handed over by the Minister for Environment in the Prime Minister’s Office during last Annual General Meeting.

The rehabilitation of the areas where TPCC has mined limestone at its Wazo Hill quarry since 1964 has started. The program is subsidised by the German Government and will also extend to training and environmental awareness improvement of the surrounding communities.
Utangulizi
Kwa mara nyingine tena utendaji wa Kampuni umekuwa mazuri sana kwa mwa 2010. Licha ya mazingira ya uhashihi, tena ujuzi wa kufanyika wa mazingira ya ujuzi na upatikanaji wa mazingira wanaoagiza kutokana na ujuzi wa kati la utengesha wa utuburasi wa chumvi vya shughuli vya ndani vya jasi ni kipya limetuwezesha ujuzi wa kufanya ujuzi wa kisiti za ushida wa mazingira ya TPCC. Kwa mara nyingine tena tena, ujuzi wa kufanyika wa mazingira wa kasi la mauzo yetu kisa kwa tafadhali kwa nje wa kivuaji wa mazingira huu na ne mara nyingine tena tena, ujuzi wa kufanyika wa mazingira ya kasi la mauzo yetu kisa kwa tafadhali kwa nje wa kivuaji wa mazingira huu na ne mara nyingine tena tena.

Mauzo
Ukuaji endelevu wa harakati za ujenzi pamoja na ongezeko la upatikanaji la mauzo yenye kuhusu ujuzi wa kutosha kwa kifaa kikubwa inapojanisha kwa ujuzi wa kifaa kikubwa pamoja na ujuzi wa kifaa kikubwa pamoja na ujuzi wa kifaa kikubwa pamoja na ujuzi wa kifaa kikubwa pamoja na ujuzi wa kifaa kikubwa pamoja na ujuzi wa kifaa kikubwa.

Ujuzi wa kutosha kwa kifaa kikubwa inapojanisha kwa ujuzi wa kifaa kikubwa pamoja na ujuzi wa kifaa kikubwa pamoja na ujuzi wa kifaa kikubwa pamoja na ujuzi wa kifaa kikubwa pamoja na ujuzi wa kifaa kikubwa pamoja na ujuzi wa kifaa kikubwa pamoja na ujuzi wa kifaa kikubwa pamoja na ujuzi wa kifaa kikubwa pamoja na ujuzi wa kifaa kikubwa pamoja na ujuzi wa kifaa kikubwa pamoja na ujuzi wa kifaa kikubwa pamoja na ujuzi wa kifaa kikubwa pamoja na ujuzi wa kifaa kikubwa.
3RD SECTION
BOARD OF DIRECTORS
for the year ended 31st December 2010
Mr. Jean-Marc Junon, French
(B.Sc. Degree in Civil Engineering)

Mr. Jean-Marc Junon has been Chairman of the Board of Directors of TPCC from April 2005. He started his career in the nuclear industry in France and South Africa, rising to the position of Site Manager. He joined the cement industry in 1987, in Italcementi Group, serving that Group for 14 years in increasingly more responsible posts, from plant management to directorship of strategic business planning & development, based in Europe and South-East Asia / China. He joined the HeidelbergCement Group in 2001 as Chief Operating Officer (COO) in charge of China. Since end 2004 he has been COO for HeidelbergCement Africa. Mr. Junon chairs or sits on the boards of several other companies in the Group.

Mr. Pascal Lesoinne, Belgian
(Civil Eng. Energy, B.Sc. in Mechanical and Electrical Engineering)

Mr. Pascal Lesoinne was appointed Managing Director of TPCC and Area Manager for East Africa in September 2009. He entered HeidelbergCement in 1996 as Maintenance Manager of the CBR Lisse plant in Belgium. He held various positions in CBR and HeidelbergCement TEAM organization, from Maintenance to Production Management and Project Management. Being responsible for the Expansion Project at TPCC since 2007, Mr Lesoinne successfully completed this assignment in 2009.

Mr. William A. Mlaki, Tanzanian
(M.Sc Degree in Industrial and Agro-Industrial Management, and BA (Hons) in Economics)

Mr. William A. Mlaki has over thirty five years experience in development banking. He is currently an independent business advisor after retiring as the Managing Director of Tanzania Investment Bank in 2009. Mr. Mlaki has served as a member of the Boards of Directors of a number of companies and financial institutions within and outside Tanzania.

Mr. George Fumbuka, Tanzanian
(MBA Finance from the University of Strathclyde Business School, CPA)

Since 1990 he is Director and CEO of CORE Securities. He has previously worked for TANESCO (1984-1989), Coopers and Lybrand (1981-1984, The Board of External Trade (1976-78) and for the Institute of Finance Management (1978-81). He is a Board Member at Swissport (T) Ltd. and Tanzania National Parks (TANAPA).

Mr. Daniel Gauthier, Belgian
(Civil Eng. Mining, Master Degree in Management, Civil Engineer)

Mr. Gauthier has 29 years experience in the cement industry. He is a member of the Managing Board of the HeidelbergCement Group and CEO for the area of Benelux - Northern Europe - United Kingdom - Africa - Med-East, and HC Trading. He is the President and CEO of CBR S.A., President of the European Cement Research Association, President of Plytech Mons Alumni, Board Member of LVI (Carmeuse Group), Member of Cembureau Board and Member of the Committee of the Science Academy of Belgium for the Application of the Science. He is also Board Member of HeidelbergCement Northern Europe (Sweden), Akçansa (Turkey), and CCC (China).

Mr. Ola Schippert, Swedish
(Master of Business Administration)

Mr. Ola Schippert is currently Senior Vice-President with responsibility for Finance and IT at HeidelbergCement Africa. He began his career with a Swedish Chartered Accountant firm in 1984 where he worked for four years, in the last years as Audit Manager. In 1988 he joined the Scancem Group as Controller at the Head Office in Malmo, Sweden. He has since then held various management positions in Europe, Africa and Asia; first in Scancem Group and later in HeidelbergCement Group. He was in 2006 appointed to his current position as Senior Vice-President in HeidelbergCement Africa. He was appointed to the Board of TPCC and as Chairman of the company’s Audit Committee in January 2008.
BODI YA WAKURUGENZI

Bw. Jean-Marc Junon, Mwanasa
(Digrii ya kwanza ya Sayansi katika Uhandisi Ujenzi)


Bw. Pascal Lesoinne, Mbegiji
(Mhandisi Mitanbo)


Bw. William Mlaki, Mtanzania
(Shahada ya Uzamili ya Sayansi katika Uongozi na Viwanda vya Kilimo)

Bw. William A. Mlaki ni Mwenyekiti wa hetu ya kundi la makampuni ya HeidelbergCement kwa miaka mitano na umri. Alikiunja na kundi la makampuni ya HeidelbergCement na Chuo cha Utawala ya HeidelbergCement Africa. Mlaki alionao ni Mwenyekiti wa hetu ya kundi la makampuni ya HeidelbergCement Group, na mwenyekiti wa hetu ya kundi la makampuni ya HeidelbergCement America.

Bw. George Fumbuka, Mtanzania
(Mshauri wa kujitegemea katika masuala ya biashara)

Bw. George Fumbuka ni Mwenyekiti wa hetu ya kundi la makampuni ya HeidelbergCement Group na Chuo cha Utawala ya HeidelbergCement Africa. Fumbuka alionao ni Mwenyekiti wa hetu ya kundi la makampuni ya HeidelbergCement Group na Chuo cha Utawala ya HeidelbergCement Africa.
4TH SECTION

COMPANY INFORMATION

for the year ended 31st December 2010
**COMPANY INFORMATION**

**Principal place of business**
Tanzania Portland Cement Company Limited
Wazo Hill
P.O. Box 1950
Dar es Salaam

**Bankers**
Standard Chartered Bank (T) Limited
P.O. Box 9011
Dar es Salaam

Citibank (T) Limited
P.O. Box 71625
Dar es Salaam

Citibank (T) Limited
P.O. Box 71625
Dar es Salaam

National Bank of Commerce (T) Limited
Corporate Branch
P.O. Box 9062
Dar es Salaam

Citibank (T) Limited
P.O. Box 71625
Dar es Salaam

National Bank of Commerce (T) Limited
Mwere Branch
P.O. Box 631
Morogoro

Stanbic Bank (T) Limited
Main Branch
P.O. Box 72647
Dar es Salaam

CRDB Bank (T) Limited
PPF Tower
P.O. Box 268
Dar es Salaam

**Solicitors**
Law Associates (Advocates)
CRDB Building, Wing B
Azikiwe Street
P.O. Box 11133
Dar es Salaam

FK Law Chambers
FK House
Plot No. 23, Ocean Road
Sea View
P.O. Box 20787
Dar es Salaam

Company Secretary
Mr. Elieneza Amon
P.O. Box 1950
Dar es Salaam

Tax Advisors
Paul Clem & Associates
Nexia International
P.O. Box 4082
Dar es Salaam

KPMG
P.O. Box 1160
Dar es Salaam

Company Auditors
Ernst & Young
Certified Public Accountants
Utali Building
P.O. Box 2475
Dar es Salaam

Eneo la shughuli za kampuni
Tanzania Portland Cement Company Limited
Wazo Hill
P.O. Box 1950
Dar es Salaam

Benki
Benki ya Standard Chartered (T) Limited
P.O. Box 9011
Dar es Salaam

Benki
Benki ya Citibank (T) Limited
P.O. Box 20787
Dar es Salaam

Benki
Benki ya National Bank of Commerce (T) Limited
P.O. Box 9062
Dar es Salaam

Benki
Benki ya Stanbic (T) Limited
P.O. Box 631
Morogoro

Benki
Benki ya KPMG
P.O. Box 1160
Dar es Salaam

Mawakili
Law Associates (Advocates)
Jengo la CRDB, Wing B
Mtaa wa Azikiwe
P.O. Box 11133
Dar es Salaam

Law Associates (Advocates)
Jengo la CRDB, Wing B
Mtaa wa Azikiwe
P.O. Box 11133
Dar es Salaam

Mawakili
FK Law Chambers
FK House
Kiwaranga Na. 23, Ocean Road
Sea View
P.O. Box 20787
Dar es Salaam

Mawakili
FK Law Chambers
FK House
Kiwaranga Na. 23, Ocean Road
Sea View
P.O. Box 20787
Dar es Salaam

Washauri wa maswala ya Kodi
Paul Clem & Associates
Nexia International
P.O. Box 4082
Dar es Salaam

KPMG
P.O. Box 1160
Dar es Salaam

KPMG
P.O. Box 1160
Dar es Salaam

Wakaguzi wa hesabu za kampuni
Ernst & Young
Certified Public Accountants
Utali Building
P.O. Box 2475
Dar es Salaam

Ernst & Young
Certified Public Accountants
Utali Building
P.O. Box 2475
Dar es Salaam
5TH SECTION
DIRECTORS’ REPORT
for the year ended 31st December 2010

“OUR DISTRIBUTION NETWORK... ...AND STILL GROWING”
1. Principal Activities
The principal activity during the year under review was the manufacture and sale of cement.

2. Directors
The directors of the Company at the date of this report all of whom have served throughout the year, except as otherwise indicated, were:

<table>
<thead>
<tr>
<th>Name</th>
<th>Nationality</th>
<th>Reappointed</th>
<th>Age</th>
<th>Qualification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Jean-Marc Junon</td>
<td>French</td>
<td>-</td>
<td>54</td>
<td>BSc (Civil Eng)</td>
</tr>
<tr>
<td>Mr. Pascal Losesink</td>
<td>Belgian</td>
<td>-</td>
<td>58</td>
<td>BSc (Mech. Eng)</td>
</tr>
<tr>
<td>Mr. William Mlaki</td>
<td>Tanzanian</td>
<td>30.04.2010</td>
<td>63</td>
<td>BA (Hons) Econ, MSc</td>
</tr>
<tr>
<td>Mr. George Fumbuka</td>
<td>Tanzanian</td>
<td>30.04.2010</td>
<td>57</td>
<td>MBA, CPA</td>
</tr>
<tr>
<td>Mr. Daniel Gauthier</td>
<td>Belgian</td>
<td>-</td>
<td>53</td>
<td>BSc (Mining), MBA</td>
</tr>
<tr>
<td>Mr. Ola Schipper</td>
<td>Swedish</td>
<td>-</td>
<td>50</td>
<td>MBA</td>
</tr>
</tbody>
</table>

With the exception of Mr. Pascal Losesink, Managing Director, all other directors are non-executive.

3. Audit committee
The audit Committee members who served during the year were:

<table>
<thead>
<tr>
<th>Name</th>
<th>Nationality</th>
<th>Qualification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Ola Schipper</td>
<td>Swedish</td>
<td>MBA</td>
</tr>
<tr>
<td>Mr. Arne-Jørg Seløn</td>
<td>Norwegian</td>
<td>MBA, LLB</td>
</tr>
<tr>
<td>Mr. George Fumbuka</td>
<td>Tanzanian</td>
<td>MBA, CPA</td>
</tr>
</tbody>
</table>

4. Directors’ interest in the shares of the company
Mr. William Mlaki - Number of shares: 49,027

5. Directors’ Remuneration
The Company paid a total of TZS 50,778,000 (2009: TZS 68,172,000) for services rendered as directors of the Company and members of the Audit Committee.

6. Key Management personnel of the company
The key management personnel who served the Company during the year ended 31 December 2010 were:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Nationality</th>
<th>Qualification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pascal Losesink</td>
<td>Managing Director</td>
<td>Belgian</td>
<td>BSc (Mech. Eng)</td>
</tr>
<tr>
<td>Elkebhi Maguiz</td>
<td>Sales and Marketing Director</td>
<td>Tanzanian</td>
<td>BSc (Civil Eng)</td>
</tr>
<tr>
<td>Jayne Ntimbo-Taylor</td>
<td>Director of Human Resources</td>
<td>Tanzanian</td>
<td>MBA, CPA</td>
</tr>
<tr>
<td>Ignatius Asare</td>
<td>Director of Finance &amp; Administration</td>
<td>Tanzanian</td>
<td>BA (Hons) Econ, MSc</td>
</tr>
<tr>
<td>Per-Ove Andersson</td>
<td>Project Manager</td>
<td>Norwegian</td>
<td>MBA</td>
</tr>
<tr>
<td>Jean-Marc Regisler</td>
<td>Operations Manager</td>
<td>Tanzanian</td>
<td>MBA</td>
</tr>
<tr>
<td>Chandraprasad Thirani</td>
<td>Maintenance Manager</td>
<td>Tanzanian</td>
<td>MBA</td>
</tr>
<tr>
<td>Elmerica Amoo</td>
<td>Internal Audit &amp; Quality Assurance Manager</td>
<td>Tanzanian</td>
<td>MBA</td>
</tr>
<tr>
<td>Flora Njiaj</td>
<td>Procurement Manager</td>
<td>Tanzanian</td>
<td>MBA</td>
</tr>
<tr>
<td>Juliet M Tambaikua</td>
<td>Environmental Manager</td>
<td>Tanzanian</td>
<td>MBA</td>
</tr>
<tr>
<td>Alfred Anthony</td>
<td>Health &amp; Safety Manager</td>
<td>Tanzanian</td>
<td>MBA</td>
</tr>
</tbody>
</table>

7. Review of the Business
The Company recorded an increase in sales volume of 14% from 2009 to 2010. The turnover amounted to TZS 199.8 billion, an increase of about 12% compared to 2009. (2009: TZS 179 billion). The Company made a total operating profit of TZS 75.9 billion compared to TZS 72 billion in 2009, an increase of over 5%. Profit before taxation increased from TZS 68.8 billion in 2009 to TZS 71.9 billion in 2010. After the effect of income tax of TZS 21.7 billion (TZS 20.8 billion in 2009), the net profit after taxation came to TZS 50.2 billion (TZS 48 billion in 2009).

The operating result is shown on page 43 of these financial statements.

8. Future Prospects of the company
The cement demand in Tanzania and in the East-African region has been growing steadily over the last years. Having invested in expanded capacity, the directors believe the Company is well placed to meet this growing demand.

9. Solvency evaluation
The directors have reviewed the current financial position of the Company and the existing long and short-term borrowings. On the basis of this review together with the current business plan, the directors are satisfied that the Company is a solvent going concern within the meaning ascribed by the Companies Act, 2002 of the Laws of Tanzania and internationally accepted accounting principles.

10. Environmental control programme
Quarry Rehabilitation
In line with the Company’s Environmental Policy in which there is a commitment to re-naturalise our quarry, TPCC has embarked on a three year public/private partnership with the German Society for Technical Cooperation (GTZ) to rehabilitate parts of the quarry that have previously been mined. The project was officially launched in October 2010 in which a nursery is to be set up, and approximately 730,000 square metres are to be replanted. This partnership also has a training component on the importance of conservation and rehabilitation for the surrounding communities in Dar es Salaam. We are committed to continually improving our environmental performance to the benefit of our local communities in particular and the country at large.

ISO 14001
TPCC continues to maintain the ISO 14001 certification and recently had a surveillance visit in February 2011. The Company continues to strive to improve its Environmental Management Systems by keeping abreast with Environmental trends, and closing off all corrective action requests within the specified time.

Emissions Monitoring
In line with Tanzanian National Standards, emissions monitoring took place in 2010 for the new process line and one of the old kilns which is currently in operation. The results for the new process line (Kiln 4) are in full compliance with the National Standards, and also with IFC/World Bank standards for dust emissions; NOx, SOx and heavy metals.

All cement industries with old process lines containing Low Efficiency Electrostatic Filters (ESP’s) in Tanzania have been given up to 2013 to ensure that full rehabilitation and upgrade takes place to minimise emissions. The Company is currently in the process of commencing rehabilitation project for its old process lines. The rehabilitation will involve, among others, replacement of the old ESP’s with modern and more efficient bag filters to ensure that we shall be compliant by 2013.

Initial Audit of the Old Process Lines
The Environmental Impact Assessment and Audit Regulations of Tanzania Portland Cement Company Ltd, Annual Report 2010
2005 in Tanzania, call for Companies to undertake independent audits in line with these regulations. Environmental audit of the old factory commenced in the third quarter of 2010, and is ongoing.

11. Major events

a. The demand for cement continued to grow in Tanzania in 2010. TPCC’s cement sales and production volumes again reached all-time highs.

b. The Company put in place an Environmental Management System and received ISO 14001 certification in April 2010.

c. The Company restarted one of the old kiln lines in order to cope with the increased demand of cement clinker. The full rehabilitation of the second old kiln line will be finalised shortly.

d. After the Company in October 2006 won the case brought against 933 trespassers occupying the Company’s land, the appeal process was concluded in 2010 in favour of the Company. The Company is therefore working towards the eviction and repossession of the land. Necessary expansion of the quarry operation will take place after all the due processes are completed.

e. The Tanzania Revenue Authority (TRA) issued additional tax assessments covering 2005 and 2006 to compensate for alleged transfer pricing practices. The additional assessments amounted to about TZS 9 billion. The Company has filed objections to the assessments. The objections are still pending with TRA.

f. Contrary to earlier commitment, the Government completely removed the suspended duty on imported cement in July 2008, leaving the Tanzanian cement manufacturers vulnerable to imported cement at dumping prices. The policy communicated by the Government to the Company before it decided to invest in the expansion project was that the suspended duty would only be gradually reduced (by 5 percentage points per year) down to 25% in 2010 and would remain unchanged thereafter. As a consequence of the government’s decision, imported cement continued to pose a challenge to local manufacturers.

12. Employee welfare

a. Relationship between management and employees

There was continued good relationship between employees and management for the year ended 31 December 2010. There were no unresolved complaints received by management from employees during the year. A healthy relationship continues to exist between management and the Trade Union. A voluntary agreement entered into between the Tanzania Union of Industrial and Commercial Workers (TUICO) and the Company governs the relationship between management and employees. Negotiations for the current agreement were completed in the year 2010 and the agreement covers the period 2010 – 2012.

b. Staff strength and gender parity

The Company had 358 employees, out of which 38 were female and 320 were male (2009: Total 342; female 33 and male 309).

c. Medical facilities

The Company fully meets the cost of medical consultation and treatment for all employees and their immediate families.

d. Industrial safety

The Company has a strong Health and Safety Department which ensures that a strong culture of safety prevails. The Company has facilities and equipment in place, which meet the requirements contained in the Occupational Health and Safety Act, 2003 and other relevant legislation concerning industrial safety.

e. Training

The Company’s ongoing training activities continued in 2010 and these activities have been coordinated with the activities of the expansion project.

f. Emoluments

Salary levels are adjusted annually within the Company’s means after negotiations between TUICO and management. The 2010 increments were agreed in January 2010. During the year under review, all employees under contract had income levels of TZS 4.2 million per annum or more.

g. Employee benefits

Some employees are members of Parastatal Pension Fund (PPF) and others are members of National Social Security Fund (NSSF). The Company contributes 15% of basic salary of each employee to PPF and 10% of gross salary to NSSF on behalf of all permanent employees.

Retirement benefits payable under the Parastatal Pension Scheme are supplemented by an endowment scheme of which the company contributes 10% of the employee’s salary.

h. Equal opportunities & Disabled persons

The Company is an equal opportunity employer. It gives access to employment opportunities as well as individually set performance targets. Benefits are linked to the Company’s financial performance as necessary. The Board is chaired by one of the non-executive directors and the Managing Director. The roles of Chairman and Managing Director are separate.

The Board currently comprises six directors; five non-executive directors and the Managing Director. The Board is responsible to shareholders for the overall management of the Company, for setting strategy and policies, monitoring of operational performance, risk management processes and setting of authority levels. The Board met 3 times (2009: 3 times).

The Audit Committee

The Audit Committee is chaired by one of the non-executive directors. Meetings are held throughout the year and are attended by senior management and the Company’s auditors where necessary. The Audit Committee met 3 times (2009: 3 times).

Performance evaluation and reward

The Company has an evaluation and bonus system for its managers and employees. Rewards in the form of yearly bonuses are linked to the Company’s financial performance as well as individually set performance targets.
Risk management and internal control
The Company’s organisation includes an internal audit function. The Internal Auditor is responsible for establishing and implementing a yearly internal audit plan whereby compliance with policies and procedures, the adequacy of internal controls and risk management, and the potential for improvements are assessed. In addition, the Company benefits from regular visits by the internal audit function of the main shareholder.

Business ethics and organizational integrity
The issues of good governance and ethical conduct are critical to counterparty and investor perceptions of a listed company. The Company strives to ensure that its integrity and professional conduct is beyond reproach at all times. The Company has developed ethical guidelines for its employees in order to limit unethical behavior to its stakeholders.

Management reporting, financial reporting and auditing
The Company has established management reporting procedures which include the preparation of annual strategic plans and budgets. Actual results are reported monthly against approved budgets and forecasts, and compared to the prior year. Financial reporting is done according to International Financial Reporting Standards (IFRS) and published twice yearly. Financial reporting is done according to International Accounting Standards (IAS) and approved budgets and forecasts. Actual results are reported monthly against approved budgets and forecasts, and compared to the prior year.

16. Subsequent events
There are no subsequent events that have occurred which are either to be disclosed or to be adjusted in the financial statements that could materially affect the financial statements.

17. Related party transactions
The Company imports raw materials, spare parts and consumables on an arms-length basis from Scancem International DA that owns 69.25% equity stake in the Company. Details of related party transactions are shown in note 28 of the financial statements.

18. Share capital
The total issued share capital of the Company amounts to 179,923,100 ordinary shares (2009: 179,923,100 ordinary shares). There is no change in the issued share capital.

19. Shareholders of the company
The total number of shareholders during the year 2010 was 10,388 shareholders (2009: 10,805 shareholders). The following were the ten largest shareholders of the Company:

<table>
<thead>
<tr>
<th>Name</th>
<th>% Shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scancem International DA</td>
<td>69.25</td>
</tr>
<tr>
<td>General Public</td>
<td>29.92</td>
</tr>
<tr>
<td>Wazo Hill Saving &amp; Credit Co. Society</td>
<td>0.83</td>
</tr>
<tr>
<td>Public Service Pension Fund</td>
<td>0.43</td>
</tr>
<tr>
<td>Umoja Unit Trust Scheme</td>
<td>0.43</td>
</tr>
<tr>
<td>Umoja Unit Trust Scheme</td>
<td>0.43</td>
</tr>
<tr>
<td>Wazo Hill Saving &amp; Credit Co. Society</td>
<td>0.43</td>
</tr>
<tr>
<td>National Social Security Fund</td>
<td>0.43</td>
</tr>
<tr>
<td>Murtaza Bashir Noor</td>
<td>0.43</td>
</tr>
<tr>
<td>Sayed, Bashir, Mehoob, Khalid, Muzammil</td>
<td>0.43</td>
</tr>
</tbody>
</table>

20. Stock exchange information
On 29 September 2006 the Company went public and its shares started to trade at the Dar es Salaam Stock Exchange. During the year shares of the Company were continuously traded in the secondary market through auctions organised by Dar es Salaam Stock Exchange (DSE). In the year 2010 the performance of the Company’s shares in the secondary market was as follows: Market capitalisation as at 31 December 2010 was TZS 323.9 billion (2009: TZS 295.1 billion). Share price prevailing as at 31 December 2010 was TZS 1,800 per share, up from TZS 1,640 one year earlier (IPO price TZS 435 per share)

21. Auditors
Ernst & Young were the Company’s auditors for the year 2010. They have expressed their willingness to continue as auditors and are eligible for reappointment. A resolution proposing the re-appointment of Ernst & Young as auditors of the Company for year 2011 will be put to the Annual General Meeting.

By Order of the Board:

Name: Ola Schippert
Signature: ________________________________

Name: William Mlaki
Signature: ________________________________

Date: 22nd March 2011
Wakurugenzi wanayo furaha kuwasilisha taarifa yao pamoja na hesabu zilizokula kwa mwaka ulioishia 31 Desemba 2010.

1. Shughuli kuu
Shughuli kuu ya Kampuni ni uzalishaji, usambazaji na uuzaji wa saruji.

2. Wakurugenzi
Wajumbe wote Bodi wa Kampuni wakati huu ambao wamekuwa katika uongozi walioitumika kwa mwaka 2010 kwa asilimia 50,778,000 (2009: TZS 68,172,000)

3. Kamati ya Ukaguzi
Kamati ya Ukaguzi kwa huduma zilizotolewa na Wakurugenzi na wajumbe wa Kampuni ililipa jumla ya TZS 50,778,000 (2009: TZS 68,172,000)

4. Matarajio ya Kampuni kwa siku zizao
Matarajio ya Kampuni kwa siku zizao yanayokua.

5. Uwezo wa Kulipa
Wakurugenzi wa Kampuni wa mwaka 2010 yaanzishwa katika mwaka wa 2002, na kanuni za kimataifa za uhasibu.
taariFa ya Wakurugenzi KWA MWAKA ULIOSHIA 31 DESEMBER 2010

Wanahisa wa Kampuni
Idadi ya wanahisa mwaka 2010 ilikuwa 10,388 (2009: wanahisa 10,805). Ifuatayo ni orodha ya wanahisa wakubwa kumi wa Kampuni:

Taarifa ya Soko la Mitaji

Wakaguzi
Wakaguzi wa Kampuni kwa mwaka 2010 walikuwa Ernst & Young. Wakaguzi wameeleza kuwa wako tayari kuendelea kuwa wakaguzi wetu na wanafaa kuteuliwa tena. Azimio la kuwapendekeza Ernst & Young kuwa wakaguzi wa Kampuni kwa mwaka 2011 litawasilishwa kwenye Mkutano Mkuu wa Mwaka.

Misaada

Mtaji wa hisa
Jumla ya mtaji wa hisa uliotolewa ni hisa za kawaida 179,923,100 (2009: hisa 179,923,100). Mtaji wa hisa haukubadilika.

Shughuli za Biashara na Makampuni yenye Uhusiano
Kampuni huagiza maligahi, vipuri na mahitaji mengine ya ualishaji kwa bei ambazo huifutija kwa kawaida ya kawaida ya biashara, kutoka Scancem International DA ambayo namili asilimia 69.25 kwa hisa zote za Kampuni. Moelezo ya kina ya shughuli zinazofanywa na watu au makampuni yenye uhusiano yako aya yaye 28 ya taarifa ya hisa.
STATEMENT OF DIRECTORS’ RESPONSIBILITIES

The Companies Act, 2002 requires the directors to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit or loss. It also requires the directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 2002. The directors are of the opinion that the financial statements give a true and fair view of the state of financial affairs of the Company and of its profit or loss.

The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

By Order of the Board:

Name: Ola Schippert
Signature: ________________

Name: William Mlaki
Signature: ________________

Date: 22nd March 2011

TPCC Environmental Policy

The Tanzanina Portland Cement company’s (TPCC) goal is a steady and sustainable development of our activities which are: manufacture and sale of cement.

We preserve natural resources with waste derived alternative raw materials and fuels.

We strive to renaturalise our quarry after completion of mineral extraction and a specific reduction of carbon dioxide (CO2) emissions and other process related emissions.

TPCC will:
• Follow relevant environmental legislation, internal guidelines, standards and requirements to which we have subscribed.
• Take a proactive and long term view on environmental matters.
• Continuously improve environmental performance.
• Improve production process and product quality.
• Follow environmental management system.
• Improve knowledge management and training.

In this context constructive dialogue with different stakeholders is crucial and a prerequisite for our success.

Cooperation and new ideas help us to find new ways of contributing to sustainable development.

TPCC will implement this policy as follows:
• All managers adopt this policy in their departments and areas of responsibility.
• All employees are responsible for operating in an environmentally safe and responsible manner and protect the environment that may be affected by their actions.
To the shareholders of
TANZANIA PORTLAND CEMENT COMPANY LIMITED
We have audited the accompanying financial statements of Tanzania Portland Cement Company Limited, which comprise the statement of financial position as at 31 December, 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 47 to 77.

Directors’ responsibility for the financial statements
The company’s directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Tanzanian Companies Act, 2002 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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 entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Tanzania Portland Cement Company Limited as at 31 December, 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and Tanzanian Companies Act, 2002.

Report on other legal and regulatory requirements
This report, including the opinion, has been prepared for, and only for, the Company’s members as a body in accordance with the Tanzania Companies Act, 2002 and for no other purposes. As required by the Tanzania Companies Act, 2002, we report to you, based on our audit, that:

i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

ii. In our opinion, proper books of account have been kept by the Company, so far as it appears from our examination of those books;

iii. The Directors report is consistent with the financial statements;

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

v. The Company’s financial statements are in agreement with the books of account.

Ernst & Young
Certified Public Accountants
Dar es Salaam
Signed by: Neema Kiure Mssusa (Partner)
22nd March 2011

STATEMENT OF COMPREHENSIVE INCOME

<table>
<thead>
<tr>
<th>Notes</th>
<th>2010TZS '000</th>
<th>2009TZS '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>8</td>
<td>199,600,699</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>10</td>
<td>(97,773,581)</td>
</tr>
<tr>
<td>Gross profit</td>
<td></td>
<td>101,827,118</td>
</tr>
<tr>
<td>Other income</td>
<td>9</td>
<td>594,830</td>
</tr>
<tr>
<td>Selling and marketing costs</td>
<td>11</td>
<td>(1,555,710)</td>
</tr>
<tr>
<td>Administrative costs</td>
<td>12</td>
<td>(13,044,814)</td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>7, 17 &amp; 18</td>
<td>(9,977,863)</td>
</tr>
<tr>
<td>Other expenses</td>
<td>14</td>
<td>(676,770)</td>
</tr>
<tr>
<td>Provision for obsolete stock</td>
<td>20</td>
<td>(1,285,355)</td>
</tr>
<tr>
<td>Operating profit</td>
<td></td>
<td>75,881,736</td>
</tr>
<tr>
<td>Finance revenue</td>
<td></td>
<td>207,603</td>
</tr>
<tr>
<td>Financial costs</td>
<td>15</td>
<td>(533,199)</td>
</tr>
<tr>
<td>Loss on foreign currency translation</td>
<td>16</td>
<td>(3,627,040)</td>
</tr>
<tr>
<td>Profit before tax</td>
<td></td>
<td>71,929,100</td>
</tr>
<tr>
<td>Tax expenses</td>
<td>29</td>
<td>(21,724,048)</td>
</tr>
<tr>
<td>Profit for the year</td>
<td></td>
<td>50,205,052</td>
</tr>
<tr>
<td>Other comprehensive income, net of tax</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td></td>
<td>50,205,052</td>
</tr>
<tr>
<td>Earnings per share</td>
<td>Basic and diluted</td>
<td>35</td>
</tr>
</tbody>
</table>
### Financial Position

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2010 TZS '000</th>
<th>2009 TZS '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>7</td>
<td>137,839,288</td>
</tr>
<tr>
<td>Intangible asset</td>
<td>17</td>
<td>40,687</td>
</tr>
<tr>
<td>Leasehold land prepayments</td>
<td>18</td>
<td>898,269</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>138,799,246</strong></td>
<td><strong>142,383,094</strong></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and bank balances</td>
<td>19</td>
<td>26,865,013</td>
</tr>
<tr>
<td>Inventories</td>
<td>20</td>
<td>40,319,300</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>21</td>
<td>5,302,296</td>
</tr>
<tr>
<td>Tax recoverable</td>
<td>29</td>
<td>-</td>
</tr>
<tr>
<td>Other short-term operating receivables</td>
<td>22</td>
<td>5,804,116</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>75,290,725</strong></td>
<td><strong>49,563,054</strong></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>217,169,969</strong></td>
<td><strong>192,336,138</strong></td>
</tr>
</tbody>
</table>

### Statement of Changes in Equity

<table>
<thead>
<tr>
<th> </th>
<th>Issued share capital (Note 23)</th>
<th>Retained earnings</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 01 January 2010</td>
<td>3,598,462</td>
<td>137,915,750</td>
<td>141,514,212</td>
</tr>
<tr>
<td>Dividends declared and paid</td>
<td>-</td>
<td>(23,390,003)</td>
<td>(23,390,003)</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>-</td>
<td>50,205,052</td>
<td>50,205,052</td>
</tr>
<tr>
<td>At 31 December 2010</td>
<td>3,598,462</td>
<td>164,730,799</td>
<td>168,329,261</td>
</tr>
<tr>
<td>At 01 January 2009</td>
<td>3,598,462</td>
<td>102,517,397</td>
<td>106,115,859</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>-</td>
<td>(12,594,617)</td>
<td>(12,594,617)</td>
</tr>
<tr>
<td>Total comprehensive income</td>
<td>-</td>
<td>47,992,970</td>
<td>47,992,970</td>
</tr>
<tr>
<td>At 31 December 2009</td>
<td>3,598,462</td>
<td>137,915,750</td>
<td>141,514,212</td>
</tr>
</tbody>
</table>

### Notes

7, 17, 18, 19, 20, 21, 29, 22, 23, 24, 26, 24, 25, 29
### Cash Flow Statement

**Notes to the Financial Statements**

<table>
<thead>
<tr>
<th>Notes</th>
<th>2010 TZS '000</th>
<th>2009 TZS '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit before tax</td>
<td>71,929,100</td>
<td>68,787,765</td>
</tr>
<tr>
<td><strong>Adjustment to reconcile profit before tax to net cash flow</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>7,17 &amp; 18</td>
<td>9,977,563</td>
</tr>
<tr>
<td>Interest expenses</td>
<td>15</td>
<td>533,199</td>
</tr>
<tr>
<td>Increase/(release) in provision for obsolete inventory</td>
<td></td>
<td>1,285,335</td>
</tr>
<tr>
<td>Loss on disposal of plant and equipment</td>
<td>45,958</td>
<td>-</td>
</tr>
<tr>
<td>Profit on disposal of plant and equipment</td>
<td>(3,963)</td>
<td>(58,092)</td>
</tr>
<tr>
<td><strong>Cash flows before changes in working capital items</strong></td>
<td>83,767,192</td>
<td>76,760,320</td>
</tr>
<tr>
<td><strong>Working capital adjustments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in inventories</td>
<td>(12,073,124)</td>
<td>(6,668,681)</td>
</tr>
<tr>
<td>Increase in trade receivables</td>
<td>(682,189)</td>
<td>(2,040,449)</td>
</tr>
<tr>
<td>Increase in other short-term operating receivables</td>
<td>(854,667)</td>
<td>(2,689,522)</td>
</tr>
<tr>
<td>Increase in gratuities provision</td>
<td>778,660</td>
<td>778,623</td>
</tr>
<tr>
<td>(Decrease)/increase in trade and other payables</td>
<td>(6,270,459)</td>
<td>1,212,773</td>
</tr>
<tr>
<td><strong>Cash flows after changes in working capital items</strong></td>
<td>64,665,413</td>
<td>67,413,064</td>
</tr>
<tr>
<td>Corporation tax paid</td>
<td>(18,606,156)</td>
<td>(10,195,748)</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(534,247)</td>
<td>(670,017)</td>
</tr>
<tr>
<td><strong>Net cash inflow from operating activities</strong></td>
<td>45,525,010</td>
<td>56,547,299</td>
</tr>
<tr>
<td><strong>Investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from disposal of plant and equipment</td>
<td>286,748</td>
<td>270,000</td>
</tr>
<tr>
<td>Capital works-in-progress and rehabilitation costs</td>
<td>(4,016,062)</td>
<td>(26,728,242)</td>
</tr>
<tr>
<td>Purchase of capital items in stock</td>
<td>(960,459)</td>
<td>-</td>
</tr>
<tr>
<td>Purchase of intangibles</td>
<td>(10,313)</td>
<td>(34,435)</td>
</tr>
<tr>
<td>Purchase of leasehold land</td>
<td>(708,802)</td>
<td>-</td>
</tr>
<tr>
<td>Purchase of plant and equipment</td>
<td>(1,305,276)</td>
<td>(1,176,052)</td>
</tr>
<tr>
<td><strong>Net cash flows used in investing activities</strong></td>
<td>(5,615,698)</td>
<td>(27,668,679)</td>
</tr>
<tr>
<td><strong>Financing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(22,235,128)</td>
<td>(11,865,761)</td>
</tr>
<tr>
<td>Long-term loan repaid</td>
<td>(50,364)</td>
<td>(50,364)</td>
</tr>
<tr>
<td>Other borrowings repaid</td>
<td>-</td>
<td>(25,717,986)</td>
</tr>
<tr>
<td><strong>Net cash flows used in financing activities</strong></td>
<td>(22,285,492)</td>
<td>(37,619,721)</td>
</tr>
<tr>
<td><strong>Net increase in cash and cash equivalents</strong></td>
<td>16,723,820</td>
<td>(8,741,101)</td>
</tr>
<tr>
<td>Cash and cash equivalents at 01 January</td>
<td>10,141,193</td>
<td>18,862,294</td>
</tr>
<tr>
<td><strong>Cash and cash equivalent at 31 December</strong></td>
<td>26,865,013</td>
<td>10,141,193</td>
</tr>
</tbody>
</table>

#### 1. Corporate information

Tanzania Portland Cement Company Limited ('the Company') is a limited company incorporated and domiciled in Tanzania. The Company's shares are publicly traded. The registered office is located at Wazo Hill, Dar es Salaam.

The principal activities of the Company are disclosed in the directors' report.

#### 2. Basis of preparation

The financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value.

The financial statements are presented in Tanzanian Shillings (TZS) and all values are rounded to the nearest thousand (TZS '000') except when otherwise indicated.

#### Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) and comply with the Tanzanian Companies Act, 2002.

#### 3. Changes in Accounting Policy and Disclosures

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except for the following new and amended standards, interpretations, and measurement of financial instruments as of 1 January 2010.

- IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items
- IFRIC 17 Distribution of Non-cash Assets to Owners
- Improvements to IFRSs
- Improvements to IFRICs

The adoption of the standards or interpretations is described below:

- IFRIC 17 Distribution of Non-cash Assets to Owners
  The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The Company has concluded that the amendment will have no impact on the financial position or performance of the Company, as the Company has not entered into any such hedges.

- IFRIC 17 Distribution of Non-cash Assets to Owners
  This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. The interpretation has no effect on either, the financial position or performance of the Company.

- Improvements to IFRSs
  In May 2008 and April 2009, the IASB issued omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Company.

NOTES TO THE FINANCIAL STATEMENTS

Issued in April 2009

• IAS 7 Statement of Cash Flows: States that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment did not have an impact in the statement of cash flows presentation.

Other amendments resulting from improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Company:

• IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
• IFRS 8: Operating segments
• IAS 1 Presentation of Financial Statements
• IAS 17 Leases
• IAS 34 Interim Financial Reporting
• IAS 36 Impairment of Assets
• IAS 38 Intangible Assets
• IAS 39 Financial Instruments: Recognition and Measurement
• IFRIC 8 Reassessment of Embedded Derivatives
• IFRIC 16 Hedge of a Net Investment in a Foreign Operation

4. Summary of significant accounting policies

The accounting policies adopted, which are consistent with those of previous years, are shown below:

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (“the functional currency”). The financial statements are presented in Tanzanian Shillings (TZS), which is the Company’s functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into Tanzanian Shillings using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of comprehensive income.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty. The Company assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

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

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms.

Dividend distribution

Dividend distribution to the shareholders is charged to equity and recognised as a liability in the Company’s financial statements in the period in which they are declared, and after being approved by the shareholders at the Annual General Meeting.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The Company capitalises borrowing costs for all eligible assets where construction was commenced on or after 1 January 2009.

Property, plant and equipment

Property, plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of any replacement parts in accordance with the related recognition criteria.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. The annual rates of depreciation which have been consistently applied are:

<table>
<thead>
<tr>
<th>Description</th>
<th>Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings and roads</td>
<td>4.0</td>
</tr>
<tr>
<td>Factory plant and machinery</td>
<td>5.0 - 10.0</td>
</tr>
<tr>
<td>Quarry plant and machinery</td>
<td>25.0</td>
</tr>
<tr>
<td>Furniture, equipment and fixture</td>
<td>12.5</td>
</tr>
<tr>
<td>Motor vehicles</td>
<td>25.0</td>
</tr>
<tr>
<td>Computer hardware</td>
<td>33.3</td>
</tr>
</tbody>
</table>

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

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. 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 the statement of comprehensive income in the year the asset is derecognised. The residual values, useful lives and methods of depreciating property, plant and equipment are reviewed, and adjusted if appropriate, at each financial year end. When each major inspection is performed, its cost is recognised in the carrying amount of property, plant and equipment as a replacement if the recognition criteria are satisfied.

Intangible assets

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalised and expenditure is reflected in the statement of comprehensive income in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The annual rate of amortisation which has been consistently applied is 14% – 50%.
NOTES TO THE FINANCIAL STATEMENTS

The amortisation period and the amortisation method for an intangible asset are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of comprehensive income. Gains or losses arising from derecognising of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of comprehensive income when the asset is derecognised.

Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash generating unit’s fair value less costs to sell 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 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. Impairment losses of continuing operations are recognised in the statement of comprehensive income in those expense categories consistent with the function of the impaired asset. 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 recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset’s revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Financial assets

Initial recognition and measurement

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

All financial assets are recognised initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that the Company commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Company’s financial assets include cash and short-term deposits and trade and other receivables.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recognised in the statement of comprehensive income.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. After initial measurement held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

Cash and cash equivalents

Cash and bank balances in the statement of financial position comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial measurement trade and other receivables are carried at amortised cost using the effective interest method less any allowance for impairment. Gains and losses are recognised in the statement of comprehensive income when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial investments

Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the four preceding categories. After initial measurement, available-for-sale financial assets are measured at fair value with unrealised gains or losses recognised directly in other comprehensive income and accumulated in equity until the investment is derecognised or determined to be impaired at which time the cumulative gain or loss previously recorded in equity is recycled through other comprehensive income into profit or loss in the statement of comprehensive income.

Fair value

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the financial year end date. For investments where there is no active market, fair value is determined using valuation techniques. Such techniques include using recent arm’s length market transactions; reference to the current market value of another instrument which is substantially the same; discounted cash flow analysis or other valuation models.
Amortised cost

Held-to-maturity investments and loans and receivables are measured at amortised cost. This is computed using the effective interest method less any allowance for impairment. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Impairment of financial assets

The Company assesses at each financial year end date whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred ‘loss event’) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate (ie the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date. Any subsequent reversal of an impairment loss is recognised in statement of comprehensive income.

In relation to trade receivables, a provision for impairment is made when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are derecognised when they are assessed as uncollectible.

Available-for-sale financial investments

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Reversals in respect of equity instruments classified as available-for-sale are not recognised in profit or loss but directly in other comprehensive income. Reversals of impairment losses on debt instruments are reversed through profit or loss, if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Derecognising of financial assets

A financial asset (or where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

• The rights to receive cash flows from the asset have expired;
• The Company has transferred its rights to receive cash flows from the asset or has assumed 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company’s continuing involvement in the asset.

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 Company could be required to repay.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, or loans and borrowings as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value less transaction costs. Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income.

Gains or losses on liabilities held for trading are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Derecognising of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where 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 a derecognising of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held for trading are recognised in the statement of comprehensive income.

Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Derecognising of financial liabilities

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company’s continuing involvement in the asset.

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

The Company’s financial liabilities include trade and other payables, bank overdraft, loans and borrowings.

Subsequent measurement

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

The Company’s financial liabilities include trade and other payables, bank overdraft, loans and borrowings.
Operating lease

Operating lease payments are recognised as an expense in the statement of comprehensive income on a straight line basis over the lease term.

Inventories

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

Raw materials – purchase cost on first in first out basis;

Finished goods and work in progress – cost of direct materials and labor and a proportion of manufacturing overheads based on normal capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Construction in progress

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 Company. 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 time 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.

Provisions

Provisions are recognised when the Company 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 Company 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 statement of comprehensive income 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, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Pensions and other post – employment benefits

The Company operates defined contribution plans and defined benefit plans.

Pension obligations

Under defined contribution plans, the Company’s employees are members of state-owned pension schemes, namely the Parastatal Pension Fund (PPF) and National Social Security Fund (NSSF). The Company contributes 5% and 10% respectively based on a formula that takes into account, the profit attributable to the Company’s shareholders. The Company recognises a provision for bonuses when there is a contractual obligation or a past practice that has created a constructive obligation.

Under defined benefit plans, the Company provides certain post-retirement benefits at retirement and at certain milestones during the period of employment. The expected costs of these benefits are accrued over the period of employment and the present value of the obligation is determined by using the weighted-average cost of capital rate applicable at each reporting date.

These benefits are unfunded. The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit actuarial valuation method. Actuarial gains and losses are recognised as income or expense when the net cumulative unrecognised actuarial gains and losses for each individual plan at the end of the previous reporting period exceed 10% of the higher of the defined benefit obligation and the fair value of plan assets at that date. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plans.

The past service cost is recognised as an expense on a straight line basis over the average period until the benefits become vested. If the benefits are already vested immediately following the introduction of, or changes to, a pension plan, past service cost is recognised immediately. The defined benefit liability comprises the present value of the defined benefit obligation less past service cost not yet recognised.

Bonus plans

The Company recognises a liability and expense for bonuses based on a formula that takes into account, the profit attributable to the Company’s shareholders. The Company recognises a provision for bonuses when there is a contractual obligation or a past practice that has created a constructive obligation.

Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date or whenever 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. Benefits falling due more than twelve months after financial year end date are discounted to present value.

Taxes

Current tax

Current tax assets and liabilities for the current and prior periods 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 by the financial year end date.

Deferred tax

Deferred tax is provided on temporary differences at the financial year end date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. 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; and
5. Significant accounting judgements, estimates and assumptions

The preparation of the Company’s financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date.

However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgments
In the process of applying the Company’s accounting policies, management made the following judgment, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Provision for quarry restoration
The Company’s quarry is an open one with bench heights at 12 - 15 meters. The overburden materials vary in thickness, but seldom exceed 0.5 meters. The removed overburden is later used as natural backfill material. Limestone is mined from the quarry in a way that leaves the “used” area as a one-level horizontal plateau. From management’s point of view there should not be any need for provision to cover future costs for restoration of the quarry area due to the aforementioned facts regarding both the continuous ongoing backfilling and the way the area is left after extraction. The Company has prepared a quarry restoration plan.

6. Standards issued but not yet effective

Standards issued but not yet effective at the date of issuance of the Company’s financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.
IASS 24 Related party disclosures (Amendment)

The amended standard is effective for annual periods beginning on or after 1 January 2011. It clarifies the definition of related party to simplify the identification of such relationships and eliminate inconsistence in its application.

The revised standard introduces a partial exemption of disclosure requirements for government related entities. The Company does not expect any impact on its financial position or performance. Early adoption is permitted for either the partial exemption for government related services or for the entire standard.

IASS 32 Financial Instruments: Presentation – Classification of Rights Issues (Amendments)

The Amendment to IASS 32 effective for annual periods beginning on or after 1 February 2010 amended the definition of financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro-rata to all of existing owners of the same class of an entity’s non-derivative equity instrument, or to acquire a fixed number of the entity’s own equity instruments for a fixed amount in any currency. This amendment will have no impact on the Company after initial application.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 is effective for annual periods beginning on or after 1 July 2010. The interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at fair value of the liability extinguished.

Any gain or loss is recognised immediately in profit or loss account. The adoption of this interpretation will have no effect on the financial statement of the Company.

Improvement of the IFRSs (issued in May 2010)

The IASB issued improvement to IFRS, an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods beginning on or after either 1 July 2010 or 1 January 2011. The amendments listed below are considered to have possible impact on the Company:

• IFRS 7 Financial Instrument: Disclosures
• IAS 1 Presentation of Financial Statements

The Company, however, expects no impact from the adoption of the amendments on its financial position or performance.

### 7. Property, Plant and Equipment

<table>
<thead>
<tr>
<th></th>
<th>Building</th>
<th>Production machinery &amp; equipment</th>
<th>Other equipment</th>
<th>Capital items in stocks</th>
<th>Capital work-in-progress</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>125’000 TZS</td>
<td>125’000</td>
<td>125’000</td>
<td>125’000</td>
<td>125’000</td>
<td>125’000</td>
<td>125’000</td>
</tr>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 01 January 2009</td>
<td>10,245,368</td>
<td>52,296,989</td>
<td>7,492,283</td>
<td>449,504</td>
<td>69,818,457</td>
<td>140,304,601</td>
</tr>
<tr>
<td>Additions</td>
<td>304,972</td>
<td>206,049</td>
<td>664,961</td>
<td></td>
<td>26,728,242</td>
<td>27,904,244</td>
</tr>
<tr>
<td>Transfers</td>
<td>28,913,516</td>
<td>64,258,763</td>
<td>37,341</td>
<td></td>
<td>(93,209,620)</td>
<td></td>
</tr>
<tr>
<td>Disposals</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(564,934)</td>
<td></td>
</tr>
<tr>
<td><strong>At 31 December 2009</strong></td>
<td><strong>39,463,856</strong></td>
<td><strong>116,763,801</strong></td>
<td><strong>7,629,669</strong></td>
<td><strong>449,504</strong></td>
<td><strong>3,337,079</strong></td>
<td><strong>167,643,909</strong></td>
</tr>
<tr>
<td><strong>At 01 January 2010</strong></td>
<td><strong>39,463,856</strong></td>
<td><strong>116,763,801</strong></td>
<td><strong>7,629,669</strong></td>
<td><strong>449,504</strong></td>
<td><strong>3,337,079</strong></td>
<td><strong>167,643,909</strong></td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>207,404</td>
<td>1,057,872</td>
<td>760,493</td>
<td>4,016,562</td>
<td>6,082,331</td>
</tr>
<tr>
<td>Transfers</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disposals</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td>(129,003)</td>
<td>(472,567)</td>
</tr>
<tr>
<td><strong>At 31 December 2010</strong></td>
<td><strong>39,463,856</strong></td>
<td><strong>116,971,205</strong></td>
<td><strong>8,383,977</strong></td>
<td><strong>1,209,997</strong></td>
<td><strong>7,224,638</strong></td>
<td><strong>173,253,673</strong></td>
</tr>
</tbody>
</table>

**Accumulated depreciation**

At 01 January 2009

Cost of 1,526,407

Charge during the year

599,070

Disposals

- (253,028)

At 31 December 2009

1,504,477

19,525,551

4,478,157

- 25,508,185

At 01 January 2010

1,504,477

19,525,551

4,478,157

- 25,508,185

Charge during the year

1,561,063

7,803,901

585,080

- 9,950,044

Disposals

- (28,913,516)

At 31 December 2010

3,066,540

27,329,452

4,919,393

- 35,314,385

At 31 December 2010

36,398,316

89,641,753

3,464,584

1,209,997

7,224,638

137,939,288

At 31 December 2009

37,959,379

97,238,250

3,151,512

449,504

3,337,079

142,135,724
8. Revenue

<table>
<thead>
<tr>
<th>Notes</th>
<th>2010 TZS '000</th>
<th>2009 TZS '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Twiga extra</td>
<td>175,420,170</td>
<td>161,692,952</td>
</tr>
<tr>
<td>Twiga ordinary</td>
<td>29,360,690</td>
<td>20,520,343</td>
</tr>
<tr>
<td>Less: Freight outbound</td>
<td>(5,180,161)</td>
<td>(3,213,700)</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>204,780,860</strong></td>
<td><strong>182,213,295</strong></td>
</tr>
</tbody>
</table>

9. Other Income

<table>
<thead>
<tr>
<th>Notes</th>
<th>2010 TZS '000</th>
<th>2009 TZS '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gain on disposal of property, plant and equipment</td>
<td>3,983</td>
<td>58,092</td>
</tr>
<tr>
<td>Rental income</td>
<td>94,453</td>
<td>79,718</td>
</tr>
<tr>
<td>Reversal of provisions</td>
<td>29,490</td>
<td>112,174</td>
</tr>
<tr>
<td>Other income</td>
<td>452,094</td>
<td>494,377</td>
</tr>
<tr>
<td>Bad debts recovered</td>
<td>21</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Other Income</strong></td>
<td><strong>594,830</strong></td>
<td><strong>744,361</strong></td>
</tr>
</tbody>
</table>

10. Cost of sales

<table>
<thead>
<tr>
<th>Notes</th>
<th>2010 TZS '000</th>
<th>2009 TZS '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution costs</td>
<td>458,321</td>
<td>289,220</td>
</tr>
<tr>
<td>Variable costs</td>
<td>78,679,419</td>
<td>68,361,553</td>
</tr>
<tr>
<td>Fixed production cost</td>
<td>18,635,841</td>
<td>17,903,908</td>
</tr>
<tr>
<td><strong>Total Cost of Sales</strong></td>
<td><strong>97,773,581</strong></td>
<td><strong>86,554,681</strong></td>
</tr>
</tbody>
</table>

11. Selling and marketing costs

<table>
<thead>
<tr>
<th>Notes</th>
<th>2010 TZS '000</th>
<th>2009 TZS '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff costs</td>
<td>5,501,813</td>
<td>4,718,550</td>
</tr>
<tr>
<td>Marketing, advertising and sales costs</td>
<td>816,364</td>
<td>484,247</td>
</tr>
<tr>
<td>Increase in provision for impairment of receivables (a)</td>
<td>12,575</td>
<td>137,291</td>
</tr>
<tr>
<td>Other expenses</td>
<td>193,417</td>
<td>115,201</td>
</tr>
<tr>
<td><strong>Total Selling and Marketing Costs</strong></td>
<td><strong>1,555,710</strong></td>
<td><strong>1,050,150</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Notes</th>
<th>2010 TZS '000</th>
<th>2009 TZS '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount written - off</td>
<td>-</td>
<td>(12,840)</td>
</tr>
<tr>
<td>Charge during the year</td>
<td>12,575</td>
<td>27,708</td>
</tr>
<tr>
<td><strong>On Trade receivables</strong></td>
<td><strong>12,575</strong></td>
<td><strong>27,708</strong></td>
</tr>
<tr>
<td>Amount written - off</td>
<td>-</td>
<td>(75,753)</td>
</tr>
<tr>
<td>Charge during the year</td>
<td>-</td>
<td>109,583</td>
</tr>
<tr>
<td><strong>On Other receivables</strong></td>
<td><strong>-</strong></td>
<td><strong>109,583</strong></td>
</tr>
<tr>
<td><strong>Total receivables</strong></td>
<td><strong>452,094</strong></td>
<td><strong>494,377</strong></td>
</tr>
</tbody>
</table>
### 12. Administrative expenses

<table>
<thead>
<tr>
<th>Notes</th>
<th>2010 TZS '000</th>
<th>2009 TZS '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staff costs</td>
<td>4,326,963</td>
<td>3,430,567</td>
</tr>
<tr>
<td>Other administrative expenses</td>
<td>8,717,851</td>
<td>8,797,509</td>
</tr>
</tbody>
</table>

Total: 13,044,814 12,228,076

- of which Auditors’ fees

87,845 66,264

### 13. Staff costs

<table>
<thead>
<tr>
<th></th>
<th>2010 TZS '000</th>
<th>2009 TZS '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of sales</td>
<td>5,501,813</td>
<td>4,718,550</td>
</tr>
<tr>
<td>Selling and marketing costs</td>
<td>533,354</td>
<td>313,411</td>
</tr>
<tr>
<td>Administrative expenses</td>
<td>4,326,963</td>
<td>3,430,567</td>
</tr>
</tbody>
</table>

Total: 10,362,130 8,462,528

Staff costs made up of:

<table>
<thead>
<tr>
<th>Description</th>
<th>2010 TZS '000</th>
<th>2009 TZS '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries and wages</td>
<td>5,121,131</td>
<td>4,664,444</td>
</tr>
<tr>
<td>Social Security Contribution</td>
<td>982,535</td>
<td>824,846</td>
</tr>
<tr>
<td>Payroll tax</td>
<td>505,740</td>
<td>462,978</td>
</tr>
<tr>
<td>Gratuity Contribution</td>
<td>1,196,605</td>
<td>1,361,179</td>
</tr>
<tr>
<td>Other benefits</td>
<td>2,996,119</td>
<td>1,149,081</td>
</tr>
</tbody>
</table>

Total: 10,362,130 8,462,528

### 14. Other expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>2010 TZS '000</th>
<th>2009 TZS '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss on disposal of property, plant and equipment</td>
<td>45,956</td>
<td>-</td>
</tr>
<tr>
<td>Local government levies and taxes</td>
<td>613,994</td>
<td>546,495</td>
</tr>
<tr>
<td>Property taxes</td>
<td>16,818</td>
<td>16,818</td>
</tr>
</tbody>
</table>

Total: 676,770 563,313

### 15. Finance costs

<table>
<thead>
<tr>
<th>Description</th>
<th>2010 TZS '000</th>
<th>2009 TZS '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest on long term borrowing</td>
<td>295,820</td>
<td>455,981</td>
</tr>
<tr>
<td>Interest on short term borrowing</td>
<td>13,357</td>
<td>14,082</td>
</tr>
<tr>
<td>Bank charges</td>
<td>224,022</td>
<td>195,643</td>
</tr>
</tbody>
</table>

Total: 533,199 665,706

### 16. Gain/(Loss) on foreign currency translation

<table>
<thead>
<tr>
<th>Description</th>
<th>2010 TZS '000</th>
<th>2009 TZS '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exchange gain - realised</td>
<td>277,975</td>
<td>667,078</td>
</tr>
<tr>
<td>Exchange gain - unrealised</td>
<td>1,593,052</td>
<td>1,217,346</td>
</tr>
<tr>
<td>Exchange loss - realised</td>
<td>(1,051,104)</td>
<td>(1,747,553)</td>
</tr>
<tr>
<td>Exchange loss - unrealised</td>
<td>(4,446,960)</td>
<td>(4,033,621)</td>
</tr>
</tbody>
</table>

Total: (3,627,040) (2,946,750)

### 17. Intangible asset

This consists of computer software, whose movement is as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2010 TZS '000</th>
<th>2009 TZS '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost at the begining of the year</td>
<td>263,296</td>
<td>228,861</td>
</tr>
<tr>
<td>Additions</td>
<td>10,313</td>
<td>34,435</td>
</tr>
</tbody>
</table>

Total: 273,609 263,296

Accumulated amortisation

<table>
<thead>
<tr>
<th>Description</th>
<th>2010 TZS '000</th>
<th>2009 TZS '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost at the begining of the year</td>
<td>214,415</td>
<td>207,630</td>
</tr>
<tr>
<td>Charge during the year</td>
<td>18,507</td>
<td>6,785</td>
</tr>
</tbody>
</table>

Total: 232,922 214,415

Net carrying amount

<table>
<thead>
<tr>
<th>Description</th>
<th>2010 TZS '000</th>
<th>2009 TZS '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost at the begining of the year</td>
<td>40,687</td>
<td>48,881</td>
</tr>
<tr>
<td>Charge during the year</td>
<td>18,507</td>
<td>6,785</td>
</tr>
</tbody>
</table>

Total: 59,194 55,666
18. Leasehold land prepayments

- At the beginning of the year: 198,479
- Additions: 709,802
- Less: Amortisation for the year: (5,528)
- At the end of the year: 899,269

The remaining lease period for leasehold land is 38 years.

19. Cash and cash equivalent

<table>
<thead>
<tr>
<th>Description</th>
<th>2010 (TZS '000)</th>
<th>2009 (TZS '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank - local currency</td>
<td>13,832,191</td>
<td>5,522,832</td>
</tr>
<tr>
<td>Cash at bank - foreign currency</td>
<td>13,023,822</td>
<td>4,678,361</td>
</tr>
<tr>
<td>Total</td>
<td>26,855,013</td>
<td>10,141,193</td>
</tr>
</tbody>
</table>

20. Inventories

<table>
<thead>
<tr>
<th>Description</th>
<th>2010 (TZS '000)</th>
<th>2009 (TZS '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw materials, additives, consumables and spare-parts</td>
<td>41,022,217</td>
<td>30,879,867</td>
</tr>
<tr>
<td>Work - in progress</td>
<td>3,830,349</td>
<td>2,048,688</td>
</tr>
<tr>
<td>Finished goods and goods for resale</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Twiga Extra Cement</td>
<td>758,006</td>
<td>586,898</td>
</tr>
<tr>
<td>- Twiga Ordinary Cement</td>
<td>113,597</td>
<td>135,592</td>
</tr>
<tr>
<td>Total</td>
<td>8,440,469</td>
<td>4,119,514</td>
</tr>
<tr>
<td>Total inventory</td>
<td>40,319,300</td>
<td>29,531,531</td>
</tr>
</tbody>
</table>

21. Trade receivables

<table>
<thead>
<tr>
<th>Description</th>
<th>2010 (TZS '000)</th>
<th>2009 (TZS '000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade Receivables</td>
<td>5,758,321</td>
<td>5,078,367</td>
</tr>
<tr>
<td>Provision for impairment on receivables</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance brought forward</td>
<td>(458,260)</td>
<td>(443,392)</td>
</tr>
<tr>
<td>Amount written - off</td>
<td>11</td>
<td>12,640</td>
</tr>
<tr>
<td>Amount recovered</td>
<td>9</td>
<td>14,810</td>
</tr>
<tr>
<td>Change during the year</td>
<td>11</td>
<td>(12,575)</td>
</tr>
<tr>
<td>Balance carried forward</td>
<td>(456,025)</td>
<td>(458,260)</td>
</tr>
<tr>
<td>Total</td>
<td>5,302,296</td>
<td>4,620,107</td>
</tr>
</tbody>
</table>

Terms and conditions of the above trade receivables:
Trade receivables are non-interest bearing and are generally on 30 day terms.

As at 31 December 2010, trade receivables at initial value of TZS 466,025 were impaired and fully provided for and the movements in the provision for impairment of receivables is as shown above.
The charge for the year relates to non-sales receivables from distributors.

23. Share capital authorised

179,923,100 Ordinary Shares of TZS 20 each

Issues and fully paid up

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Number of shares</th>
<th>Number of shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scancem International ANS</td>
<td>124,598,500</td>
<td>124,598,500</td>
</tr>
<tr>
<td>General Public</td>
<td>53,835,094</td>
<td>53,835,094</td>
</tr>
<tr>
<td>Wazo Hill Savings and Credit Cooperative Society</td>
<td>1,489,506</td>
<td>1,489,506</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>179,923,100</strong></td>
<td><strong>179,923,100</strong></td>
</tr>
</tbody>
</table>

24. Other interest bearing loan

10% Long-term treasury loan

<table>
<thead>
<tr>
<th></th>
<th>2010 TZS '000</th>
<th>2009 TZS '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current portion - Due within one year</td>
<td>(50,364)</td>
<td>(50,364)</td>
</tr>
<tr>
<td><strong>Long-term portion - Due after one year</strong></td>
<td><strong>428,092</strong></td>
<td><strong>478,456</strong></td>
</tr>
<tr>
<td>Current portion</td>
<td>20,872</td>
<td>21,320</td>
</tr>
<tr>
<td>Interest payable</td>
<td>201,456</td>
<td>201,455</td>
</tr>
<tr>
<td><strong>Total current portion</strong></td>
<td><strong>242,328</strong></td>
<td><strong>242,811</strong></td>
</tr>
<tr>
<td>After one year but not more than five years</td>
<td>201,456</td>
<td>201,455</td>
</tr>
<tr>
<td>More than five years</td>
<td>226,636</td>
<td>277,001</td>
</tr>
<tr>
<td><strong>Non-Current liabilities</strong></td>
<td><strong>428,092</strong></td>
<td><strong>478,456</strong></td>
</tr>
</tbody>
</table>

The loan of initially TZS 1,082,822,619 was extended by the Government of the United Republic of Tanzania to Tanzania Portland Cement Company Limited in form of remission of sales tax and customs duty on all imported goods for the rehabilitation of Tanzania Portland Cement Company Limited under SIDA import support programme during the financial year 1988/1989, 1989/1990 and 1990/1991. The loan carries an interest of 10% per annum on the outstanding balance and is payable in semi annual equal instalments of TZS 25,181,921 for a period of 20 years. The repayment of the loan commenced on 31 January 1999 and is payable up to 31 December 2019.
The Company contributes to a pension scheme administered by the Parastatal Pension Fund and a scheme administered by National Social Security Fund. In addition to that, the Company has an endowment scheme administered by the Jubilee Insurance Company of Tanzania Limited. These three schemes are defined contribution plans. The cost of the endowment scheme is fully met by the Company (See also note 5 Significant Accounting Policies, Pension Obligations).

The company contributions during the year are as follows:

<table>
<thead>
<tr>
<th>Scheme</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment Scheme</td>
<td>397,669</td>
<td>341,613</td>
</tr>
<tr>
<td>Parastatal Pension Fund (PPF)</td>
<td>364,658</td>
<td>308,783</td>
</tr>
<tr>
<td>National Social Security Fund (NSSF)</td>
<td>220,208</td>
<td>174,450</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>982,535</strong></td>
<td><strong>824,846</strong></td>
</tr>
</tbody>
</table>

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.
- Other payables are non-interest bearing and have an average term of 30 days.
- For terms and conditions relating to related parties, refer to Note 29.

In addition to the three defined contribution schemes above, the company has entered into a voluntary agreement with Tanzania Union of Industrial and Commercial Workers (TUICO) of Tanzania Portland Cement Company to provide end-of-service benefits to employees reaching retirement age. The retired employee is paid based on the length of service. Also, the voluntary agreement provides for long-service awards paid in cement throughout the employment (every five years). Both are unfunded defined benefit plans. The end-of-service benefit scheme is reported as post-employment benefit, while the long-service award is reported as other long-term benefits. The cost of both are fully met by the Company. At the end of 2008 the voluntary agreement was re-negotiated for another two years. Modifications to the defined benefit plans resulted from both statutory (labour law) and negotiated changes. For the end-of-service benefit scheme the past service cost resulting from these modifications is recognised on a straight-line basis over the average period until the benefits become vested (13 years including 2008), while for the long-service award scheme all past service cost is recognised immediately (ref IAS 19.96 and 19.127).

**Post-employment benefits**

The amounts recognised in the statement of financial position are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Present value of unfunded obligations</td>
<td>4,454,326</td>
<td>3,878,247</td>
</tr>
<tr>
<td>Unrecognised past service cost</td>
<td>(2,129,750)</td>
<td>(2,342,734)</td>
</tr>
<tr>
<td>Net liability recognised in statement of financial position</td>
<td><strong>2,324,576</strong></td>
<td><strong>1,535,523</strong></td>
</tr>
</tbody>
</table>

The amounts recognised in profit or loss are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current service cost</td>
<td>270,600</td>
<td>249,465</td>
</tr>
<tr>
<td>Interest on obligation</td>
<td>465,390</td>
<td>409,595</td>
</tr>
<tr>
<td>Recognised past service cost</td>
<td>212,970</td>
<td>332,191</td>
</tr>
<tr>
<td>Expense recognised in profit and loss</td>
<td><strong>966,965</strong></td>
<td><strong>991,251</strong></td>
</tr>
</tbody>
</table>
Changes in the present value of the post employment benefits are as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2010 TZS '000</th>
<th>2009 TZS '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance (end-of-service benefits)</td>
<td>3,678,247</td>
<td>3,413,293</td>
</tr>
<tr>
<td>- current service costs</td>
<td>278,600</td>
<td>249,465</td>
</tr>
<tr>
<td>- interest cost</td>
<td>465,390</td>
<td>409,595</td>
</tr>
<tr>
<td>- unrecognized past service cost - non-vested benefits</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>- net liquidated obligations</td>
<td>(167,911)</td>
<td>(194,106)</td>
</tr>
<tr>
<td>Closing balance (end-of-service benefits)</td>
<td>4,454,326</td>
<td>3,878,247</td>
</tr>
</tbody>
</table>

Other long-term benefits

<table>
<thead>
<tr>
<th>Description</th>
<th>2010 TZS '000</th>
<th>2009 TZS '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance (long-service awards)</td>
<td>359,579</td>
<td>378,531</td>
</tr>
<tr>
<td>- change in provision for other long-term benefits</td>
<td>(10,393)</td>
<td>(18,532)</td>
</tr>
<tr>
<td>Closing balance (long-service awards)</td>
<td>349,586</td>
<td>359,979</td>
</tr>
</tbody>
</table>

Statement of financial position:

<table>
<thead>
<tr>
<th>Description</th>
<th>2010 TZS '000</th>
<th>2009 TZS '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Post-employment benefits</td>
<td>2,324,576</td>
<td>1,535,523</td>
</tr>
<tr>
<td>Other long-term benefits</td>
<td>349,586</td>
<td>359,979</td>
</tr>
<tr>
<td>Total</td>
<td>2,674,162</td>
<td>1,895,502</td>
</tr>
</tbody>
</table>

Principal actuarial assumptions at the statement of financial position date:

<table>
<thead>
<tr>
<th>Description</th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate at 31 December</td>
<td>12%</td>
<td>12%</td>
</tr>
<tr>
<td>Future annual salary increases</td>
<td>7%</td>
<td>7%</td>
</tr>
<tr>
<td>Cost inflation</td>
<td>5%</td>
<td>5%</td>
</tr>
</tbody>
</table>

27. Other statutory payroll remittances

Other statutory payroll remittances include Pay As You Earn (PAYE), Skills and Development Levy (SDL). PAYE and SDL are payable by the Company to the Tanzania Revenue Authority (TRA) in accordance with the Income Tax Act. The amounts charged to the statement of comprehensive income in the year in respect of the Skills and Development Levy remittances are:

<table>
<thead>
<tr>
<th>Description</th>
<th>2010 TZS '000</th>
<th>2009 TZS '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skills and development levy</td>
<td>505,740</td>
<td>467,864</td>
</tr>
</tbody>
</table>

The amount deducted from the employees’ salaries and wages in the year in respect of PAYE is:

<table>
<thead>
<tr>
<th>Description</th>
<th>2010 TZS '000</th>
<th>2009 TZS '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pay as you earn</td>
<td>2,455,895</td>
<td>2,402,958</td>
</tr>
</tbody>
</table>

At year-end the following amounts were payable to relevant authorities. These remittances have subsequently been paid.

<table>
<thead>
<tr>
<th>Description</th>
<th>2010 TZS '000</th>
<th>2009 TZS '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Skills and development levy</td>
<td>18,270</td>
<td>11,717</td>
</tr>
<tr>
<td>Pay as you earn</td>
<td>92,142</td>
<td>100,837</td>
</tr>
</tbody>
</table>

28. Related party transactions

During the year the Company entered into transactions with Scancem International DA of Oslo, Norway which owns an equity stake of 69.25% in the Company. The Company imports raw materials, machinery, spare parts and services from through the holding company on an arms-length basis. The Company’s purchases during the year 2010 were as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2010 TZS '000</th>
<th>2009 TZS '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Raw materials</td>
<td>21,596,616</td>
<td>16,746,560</td>
</tr>
<tr>
<td>Spare parts</td>
<td>9,423,522</td>
<td>30,567,912</td>
</tr>
<tr>
<td>Services:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Management fees and services</td>
<td>2,086,689</td>
<td>6,774,300</td>
</tr>
<tr>
<td>Total amount traded</td>
<td>33,116,227</td>
<td>54,082,787</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>2010 TZS '000</th>
<th>2009 TZS '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables - Scancem International DA</td>
<td>6,845,605</td>
<td>13,860,356</td>
</tr>
<tr>
<td>- Scancem Research AB</td>
<td>-</td>
<td>6,636</td>
</tr>
<tr>
<td>Total</td>
<td>13,761,359</td>
<td>13,866,992</td>
</tr>
</tbody>
</table>

Other Receivables - Scancem International DA

<table>
<thead>
<tr>
<th>Description</th>
<th>2010 TZS '000</th>
<th>2009 TZS '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>114,428</td>
<td>79,571</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>2010 TZS '000</th>
<th>2009 TZS '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key management remuneration - Key management comprise of the Chief Executive Officer and other heads of departments.</td>
<td>2,434,065</td>
<td>3,538,579</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>2010 TZS '000</th>
<th>2009 TZS '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors’ remuneration</td>
<td>50,778</td>
<td>68,172</td>
</tr>
<tr>
<td>Total</td>
<td>2,484,843</td>
<td>3,606,751</td>
</tr>
</tbody>
</table>
29. Taxation

i) Tax expense

Current year tax
2010 TZS '000  8,519,967
2009 TZS '000  8,519,967

Deferred tax charge
831,413  12,274,829

21,724,048  20,794,795

ii) Reconciliation to tax expense to tax based on accounting profit

Accounting profit before taxation
71,929,100  68,787,765

Tax applicable rate of 30%
2010 TZS '000  21,578,730
2009 TZS '000  20,636,329

Tax effect on non taxable/non deductible items
145,318  158,466

Tax expense
21,724,048  20,794,795

iii) Deferred Tax

Accelerated depreciation for tax purposes
78,095,169  74,540,131

Provision for employee benefits
(2,674,162)  (1,895,502)

Tax effect
75,421,007  72,644,629

Deferred tax liability thereon at 30%
22,626,302  21,794,889

Less: Opening deferred tax liability
(21,794,889)  (9,520,060)

Deferred tax expense
831,413  12,274,829

iv) Tax payable / (recoverable)

Tax payable brought forward
(710,774)  965,007

Tax charge for the year
2010 TZS '000  20,892,635
2009 TZS '000  8,519,967

Tax payments during the year
19,805,946  15,151,286

Tax payable / (recoverable)
1,675,705  (710,774)

30. Employees

The number of employees at the end of the year was 358 (2009: 342).

31. Comparative figures

There was no regrouping or restatements of the comparative figures.

32. Holding company

The Company’s ultimate holding company is HeidelbergCement AG - Germany and immediate holding company is Scancem International DA - Norway.

33. Dividend per shared

During the period, dividends relating to the profits for the year ended 31 December 2009 of TZS 130 per share (totaling TZS 23.40 billion) were declared and paid. In 2009, dividend relating to the profits for the year ended 31 December 2008 of TZS 70 per share (totaling TZS 12.6 billion) were declared and paid.

34. Commitments and contingencies

Capital commitment
The two main sections of TPCC’s expansion project were completed in 2008 and 2009 respectively. Some relatively minor items related to the expansion will be completed in 2011. Capital commitments for these remaining items, as well as for other ongoing activities, are approximately TZS 1.98 billion.

Operating lease commitment - Company as lessee
The Company has entered into commercial lease of land for use by different telephone companies. The lease has an average life of 5 years. At 31 December 2010, the company had not received any advances for rent. Rent is received on annual basis.

Operating lease commitment - Company as lessor
The Company has entered into commercial lease of land for use by different telephone companies. The lease has an average life of 5 years. At 31 December 2010, the company had not received any advances for rent. Rent is received on annual basis.

Legal claims
Contingent liabilities relates to several court cases on land trespassing, alleged unfair termination of employment contracts and breach of business contracts all amounting to TZS 5.0 billion (2009: TZS 2.5 billion).

The Company has been advised by its legal counsel that it is only possible, but not probable, that the action will succeed and accordingly no provision for any liability has been made in these financial statements.

Tax assessment
The Company received in December 2007 an adjusted tax assessment for 2004 amounting to TZS 122.4 million. The Company filed an objection against this assessment in early 2008. The Tanzania Revenue Authority (TRA) has also carried out a tax audit of the years 2005 and 2006. TRA issued its external audit report on 18 December 2008. TRA and the Company are in agreement on all major issues raised in the report with one
NOTES TO THE FINANCIAL STATEMENTS

noteable exception; the allegation that transactions between the Company and its related party, Scancem International DA, have not been carried out at arm’s length. In mid-March 2009, TRA issued assessments amounting to a total of TZS 9.0 billion. The Company filed objections to these assessments in April 2009 after having deposited the required 1/3 of the disputed assessments. The disputed tax assessments (including the deposits) are not reflected in the net results for 2008, 2009 and 2010. Only the 1/3 deposit is reflected in the statement of financial position and classified as a short-term receivable.

35. Earnings per share

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit attributable to ordinary equity holders</td>
<td>50,205,052,125</td>
<td>47,992,970,395</td>
</tr>
<tr>
<td>Weighted average number of ordinary shares</td>
<td>179,923,100</td>
<td>179,923,100</td>
</tr>
<tr>
<td>Basic and diluted earnings per share (TZS)</td>
<td>279.04</td>
<td>266.74</td>
</tr>
</tbody>
</table>

a. Basic earnings per share is calculated on the profit or loss after tax attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

b. Diluted earnings per share is calculated on the profit or loss after tax attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding after adjustment of dilutive potential ordinary shares.

c. The basic and diluted earnings per share are the same as there are no convertible instruments.

36. Segment Reporting

In the financial year 2009, segment reporting by the company was prepared for the first time in accordance with IFRS 8, ‘Operating segments’.

Following the management approach of IFRS 8, operating segments are reported in accordance with the internal reporting provided to the Board of Directors (the chief operating decision-maker), which is responsible for allocating resources to the reportable segments and assesses its performance.

The majority of revenue is derived from sale of goods (as disclosed in note 8) and the Board of Directors relies primarily on revenue from sales of goods to assess performance. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the Statement of Comprehensive income.

Though the Company exports marginal volumes of its products to Rwanda and Burundi and there are two products, these are similar in nature and distributed in a fairly uniform manner that the company considers that it has only a single reportable operating segment. There were no changes in the reportable segments during the year or as compared with last year.

37. Events after the reporting date

There were no events after the reporting date which requires adjustment or disclosure in the financial statements.

38. Financial risk management objectives and policies

The Company's principal financial instruments comprise treasury loans and trade payables. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has various financial assets such as trade receivables and cash and short-term deposits, which arise directly from its operations.

The main risks arising from the Company's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The board reviews and agrees policies for managing each of these risks which are summarised below.

a. Treasury risk management

The Company operates a treasury function to provide competitive funding costs, invest and monitor financial risk. The Company does not use derivative financial instruments for speculative purposes.

b. 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 exposure to the risk of changes in market interest rates is insignificant as the Company has fixed interest rate on borrowings.

c. Liquidity risk

The Company does not face any liquidity risk as it has sufficient funds to cover its working capital needs for the foreseeable future.

d. 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 exchange rates. Foreign currency risk is managed at an operational level and monitored by the Finance Division. Exposure to losses from foreign liabilities is managed through prompt payment of outstanding liabilities and forward purchase of foreign currencies.

The following table demonstrates the sensitivity to possible changes in the exchange rate between the Tanzanian Shilling and foreign currencies (mainly US dollar), with all other variables held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities).

<table>
<thead>
<tr>
<th></th>
<th>Increase/ decrease in the value of TZS vs. other currencies</th>
<th>Effect on profit before tax</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Increase by 10% compared to the value of TZS before tax</td>
<td>+618,000</td>
</tr>
<tr>
<td></td>
<td>Decrease by 10% compared to the value of TZS before tax</td>
<td>-618,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Net effect based on financial year end as at 31 December 2010</td>
</tr>
</tbody>
</table>

39. Credit risk management

Potential concentration of credit risk consists principally of short-term cash and trade debtors. The Company deposits short-term cash surpluses only with banks of high credit standing. Trade debtors are presented net of allowance for doubtful debts. For the majority of customers, including export clients, full upfront payment is demanded. With few exceptions, credit customers are secured by guarantees issued by reputable banks. Accordingly, the Company has no significant concentration of credit risk that has not been adequately provided for.
39. Capital management

The primary objective of the Company’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 Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company 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 end 31 December 2010 and 31 December 2009.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company’s policy is to keep the gearing ratio below 35%. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

<table>
<thead>
<tr>
<th>2010 Tzs '000</th>
<th>2009 Tzs '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term financial liabilities (Note 24)</td>
<td>499,328</td>
</tr>
<tr>
<td>Trade and other payables (Note 25)</td>
<td>19,454,417</td>
</tr>
<tr>
<td>Cash and bank balances (Note 19)</td>
<td>(26,865,013)</td>
</tr>
<tr>
<td>Net debt</td>
<td>(6,911,268)</td>
</tr>
<tr>
<td>Equity</td>
<td>168,329,261</td>
</tr>
<tr>
<td>Capital and net debts</td>
<td>161,417,993</td>
</tr>
<tr>
<td>Gearing ratio</td>
<td>(4)%</td>
</tr>
</tbody>
</table>

40. Fair value adjustments

Set out below is a comparison by class of the carrying amounts and fair value of the company’s financial instruments that are carried in the financial statements.

<table>
<thead>
<tr>
<th>Financial assets:</th>
<th>2010 Tzs '000</th>
<th>2009 Tzs '000</th>
<th>2010 Tzs '000</th>
<th>2009 Tzs '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and bank balances</td>
<td>26,865,013</td>
<td>10,141,193</td>
<td>26,865,013</td>
<td>10,141,193</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>5,302,296</td>
<td>4,620,107</td>
<td>5,302,296</td>
<td>4,620,107</td>
</tr>
<tr>
<td>Other short-term operating receivables</td>
<td>5,804,116</td>
<td>4,949,449</td>
<td>5,804,116</td>
<td>4,949,449</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>37,971,425</strong></td>
<td><strong>19,710,749</strong></td>
<td><strong>37,971,425</strong></td>
<td><strong>19,710,749</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial liabilities:</th>
<th>2010 Tzs '000</th>
<th>2009 Tzs '000</th>
<th>2010 Tzs '000</th>
<th>2009 Tzs '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other interest-bearing loans</td>
<td>499,328</td>
<td>550,740</td>
<td>499,328</td>
<td>550,740</td>
</tr>
<tr>
<td>Provision for employee benefits</td>
<td>2,674,162</td>
<td>1,895,502</td>
<td>2,674,162</td>
<td>1,895,502</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>19,454,417</td>
<td>25,724,876</td>
<td>19,454,417</td>
<td>25,724,876</td>
</tr>
<tr>
<td>Dividend payable</td>
<td>2,010,794</td>
<td>855,919</td>
<td>2,010,794</td>
<td>855,919</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>24,638,701</strong></td>
<td><strong>29,027,037</strong></td>
<td><strong>24,638,701</strong></td>
<td><strong>29,027,037</strong></td>
</tr>
</tbody>
</table>

The company uses level 1 hierarchy in determining and disclosing the fair value of financial instruments held for trading and the values approximate the value reported in the statement of financial position.

41. Liquidity risk

<table>
<thead>
<tr>
<th>Year ended 31 December 2010</th>
<th>On demand</th>
<th>Less than 3 months</th>
<th>3 to 12 months</th>
<th>1 to 5 years</th>
<th>Over 5 years</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term financial liabilities</td>
<td>-</td>
<td>72,284</td>
<td>25,182</td>
<td>201,456</td>
<td>200,406</td>
<td>499,328</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>38,046</td>
<td>18,222,265</td>
<td>1,194,106</td>
<td>-</td>
<td>-</td>
<td>19,454,417</td>
</tr>
<tr>
<td>Dividend payable</td>
<td>2,010,794</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2,010,794</td>
</tr>
<tr>
<td>Tax payable</td>
<td>-</td>
<td>-</td>
<td>1,575,705</td>
<td>-</td>
<td>-</td>
<td>1,575,705</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,048,840</strong></td>
<td><strong>18,294,549</strong></td>
<td><strong>2,794,993</strong></td>
<td><strong>201,456</strong></td>
<td><strong>200,406</strong></td>
<td><strong>23,540,244</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year ended 31 December 2009</th>
<th>On demand</th>
<th>Less than 3 months</th>
<th>3 to 12 months</th>
<th>1 to 5 years</th>
<th>Over 5 years</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term financial liabilities</td>
<td>-</td>
<td>72,284</td>
<td>25,182</td>
<td>201,456</td>
<td>251,818</td>
<td>550,740</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>18,251</td>
<td>24,786,625</td>
<td>920,000</td>
<td>-</td>
<td>-</td>
<td>25,724,876</td>
</tr>
<tr>
<td>Dividend payable</td>
<td>855,919</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>855,919</td>
</tr>
<tr>
<td>Tax payable</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>874,170</strong></td>
<td><strong>24,858,909</strong></td>
<td><strong>945,182</strong></td>
<td><strong>201,456</strong></td>
<td><strong>251,818</strong></td>
<td><strong>27,131,535</strong></td>
</tr>
</tbody>
</table>
This is to inform you that our agent CAD Securities Limited (CAD) has a service where dividends may be paid directly into your bank account. This service is a fast and efficient way to receive your payments. You will have to go to the paying agent and cash your warrant, the dividend is simply paid into your bank account and CAD will send you a Dividend Tax Voucher which will indicate the gross payment, withholding tax payment and the net payment into your chosen account.

If you would like to utilize this service, please complete the form below and return to CAD Securities Limited.

Please note that CAD requires this information 3 weeks before payment date of dividend to ensure payment can be processed.

---------------------------------------------

DIVIDEND MANDATE FORM
Please complete in BLOCK CAPITALS using black ink and return to CAD Securities Ltd.
P.O. Box 11448, Dar es Salaam.

A. Name of Company in which shares are held
   Tanzanian Portland Cement Company Limited (Tulaga)
   Receipt

B. CDS Acc No
   As indicated on your original depositary receipt

C. Full name and address of the first named member
   Name: 
   As indicated on your CDS receipt

D. Contract number
   * If any

E. Signatures
   Signature (1)
   Signature (2)

   This mandate must be signed by
   All registered members, executors and administrators.

F. Please pay all future dividend payments for the above company directly to the following bank account:
   Name of Bank
   The address of the Branch
   Address where your account is

   Notes:
   1. Payment in accordance with these instructions discharges CAD Securities Ltd and Tanzania Portland Cement Co., Ltd from any future liability
   2. CAD Securities Ltd and Tanzania Portland Cement Company Ltd. reserve the right to require additional confirmation of the signature.

Branch Code: 
Branch Location: 
Account Number: 

G. Stamp of Bank/Building Society
   The bank stamp is required to confirm that the signature(s) in box D is that of the shareholder(s) or an authorized signature

---------------------------------------------

Huduma ya kupitisha gawio kwenyewe akaunti ya benki

Tanzania Portland Cement Company Limited (Tulaga) wa katika kwa ajili ya kupitisha gawio kwenyewe akaunti ya benki. Hata hivyo, CAD wawakilika wakati katika hali ya kuwakilika kwa gawio unakufanya kawaida kwa asili unaona kwa CAD. Hata hivyo, CAD wawakilika wakati katika hali ya kuwakilika kwa gawio unakufanya kawaida kwa asili unaona kwa CAD.

Kama utapendana kutumia huduma hii, tunakaa hata unajumla fomu ya idhinihio la gawio iliyope kezia chini ya madogo haya na kusaidia CAD Securities Limited wilki tatizo halifu ya gawio kuzuka iliyofuata kwa kufanya kawaida kwa asili unaona kwa CAD.
PROXY FORM
For use at the Annual General Meeting of
Tanzania Portland Cement Company Ltd.

I/We ____________________________ a shareholder/shareholders of
Tanzania Portland Cement Company Ltd., hereby appoint (note 1)

of (Address) ____________________________
as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at

The Kibo Hall
Kempinski Hotel
Dar es Salaam
on 3rd May 2011
at 10:30 am

and at any adjournment thereof.

Signature ____________________________ (note 1 & 2) Dated ____________________________

Notes:
1. If the appointee is a corporation, this proxy form must be executed under its seal or under the hand of an officer or
   attorney to be authenticated in the manner usual to that behalf.
2. In the case of joint holders, the signature of any one holder will be sufficient, but the names of all the joint holders should
   be indicated within the space provided.

Form to be returned to:
CAD Securities Limited
Plot 6/1 Ali Hassan Mwinyi Road Suite R1
P.O. Box 11488
Dar es Salaam
Tel. +(255) 779 303030
Email: info@cadsecurities.com

FOMU YA MWAKElishi
Kwa mafunzi kwenye Mkwu wa Mwana wa
Tanzania Portland Cement Company Ltd.

Mimi/Stiri ____________________________ wa S. L. P. ____________________________ nikia mwanachama/
wawachama wa Kampuni ya Tanzania Portland Cement Company Ltd.
Nimechaqu ____________________________ wa S. L. P. ____________________________
Kama mwikishi wangoa? Wawakilishi? Wetu kupiga kura kwa ajili yangu ya kwa niaba yangu yetu katika Mkwu
wa Mwana wa Mwana uchakwiria
The Kibo Hall
Kempinski Hotel
Dar es Salaam
Tarehe 03.05.2011
Saa 10:30 Asubuhi
Kama shahidi saini yungu/etu? Ivo.
Sahili ____________________________ Tarehe ____________________________

Zingatia Yake:
1. Ikia mucusi nishika au kampuni, formu hii ni kutima iwe na mhusi wa mto wa kampuni huzika na ipitishwe kwa
   maeneo wa kampuni, wakilishi au kwa mto au aliyofikishwa kutaka saini nyanya kwa niaba ya kampuni.
2. Ikia mucusi kusamahisha na zaidi ya mto zimoja, sahihi mwanahisina mmoja hakubalia endapo majina ya wamidi wote
   ya hiza ya mawaziri kwenye formu ya uwakilishi.

Fomu irudishwe:
CAD Securities Limited
Plot 6/1 Ali Hassan Mwinyi Road Suite R1
P.O. Box 11488
Dar es Salaam
Tel. +(255) 779 303030
Email: info@cadsecurities.com
Its nature as a composite cement with pure limestone ensures its durability and workability making it a general purpose concrete and mortar cement. Packed in 50 kg bags and in bulk, Twiga cement is available countrywide and is value for your money.

“I know their support for me is as strong as their cement.”

Bw. Temu
Holtam Builders LTD