

PRESS RELEASE

TANGA CEMENT TO INAUGURATE ITS COAL MILL

Dar es Salaam, February 16, 2006 - Tanga Cement, one of the leading cement producers in the country will be inaugurating its Tzs 10 billion coal mill at the company's headquarters in Tanga this coming Saturday. The construction of the coal mill began last year in and has recently been commissioned.

Speaking about the project Tanga Cement's Managing Director Juerg Fluehmann commented "the investment is the biggest the company has ever made to its plant since its inception in 1980. It is an important move for Tanga cement because the coal mill will reduce the Company's dependence on expensive heavy furnace oil and will strengthen Tanga Cement's competitive position.

The coal which is used to fire the kiln at the Tanga Cement plant is imported from South Africa. According to the Company's Managing Director, Tanga Cement has selected South African suppliers because of the quality and availability of the coal being offered. "We have considered sourcing locally however, there are both quality and capacity concerns to be resolved before we can do so," he further explained. Mr Fluehmann added that Tanzania does have coal reserves but the concern is in its extraction which compromised the quality of the coal that can be supplied. "We hope that necessary investments are made to allow in the future the usage of coal at a competitive price" said Mr. Fluehmann.

Coal is becoming a preferable energy producing source worldwide because of its competitive price compared to heavy furnace oil.

Tanga Cement began operations in 1980 in the Tanga region. It was the second cement company to be commissioned in the Country. Tanga Cement is a Holcim Group Company. Holcim Limited is a global cement giant with Swiss origins and presence in 73 countries. Tanga Cement is currently the only cement company in the country listed on the Dar es Salaam Stock Exchange.