

UNAUDITED RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2011

CHAIRPERSON'S STATEMENT

Profit after tax was flat for the six months ended 30th June 2011, notwithstanding a 14% increase in the company's sales volume compared to the same period last year.

The continued growth of the cement market, together with a more focused sales effort, resulted in the improved sales. The company incurred higher than normal production costs due to extensive utilisation of its own electrical generating capacity as the national supply remained inadequate. Further pressure on profits resulted from unplanned but essential maintenance work and reliance on expensive road transport due to the poor performance of the railway system.

Dividends

An interim dividend of 25% of net profit after tax has been approved by the board. This amounts to Tzs 2.473 billion or Tzs 39 per share.

Prospects

We expect continued market growth during the remainder of the year, with Simba Cement's sales volume growing in line with, or above, the market average. The full year results are expected to improve but will reflect the increased production and distribution costs as indicated above.

The company has made good progress with the feasibility study for a new kiln in Tanga.

Closure of Share Register

The Register of Members will close on 19 September 2011. The last day of trading cum-dividend will be 12 September 2011. The dividend will be paid on or about 31 October 2011.

Mofasi Lekota
Chairperson

Statement of Comprehensive Income for the six months ended 30 June

	Group 2011 Tzs'000	Company 2011 Tzs'000	Group 2010 Tzs'000	Company 2010 Tzs'000
Revenue	108,110,808	72,196,832	61,090,199	61,090,199
Cost of sales	(83,283,455)	(50,674,406)	(38,185,568)	(38,185,568)
Gross profit	24,827,353	21,522,426	22,904,631	22,904,631
Other operating expenses	(574,247)	(639,203)	(800,694)	(800,694)
Selling and administrative expenses	(6,032,586)	(4,450,694)	(4,811,472)	(4,811,472)
Depreciation and amortisation	(2,796,546)	(2,623,517)	(2,714,741)	(2,714,741)
Net profit from operations	15,423,974	13,809,012	14,577,724	14,577,724
Share of profit of associates	-	600,000	297,000	297,000
Net finance costs	(314,607)	(282,404)	(234,027)	(234,027)
Net profit before taxation	15,109,367	14,126,608	14,640,697	14,640,697
Taxation	(4,681,458)	(4,234,317)	(4,386,941)	(4,386,941)
Net profit for the year	10,427,909	9,892,291	10,253,756	10,253,756
Total comprehensive income	10,427,909	9,892,291	10,253,756	10,253,756
Attributable to:				
Owners of the parent	10,063,833	9,892,291	10,253,756	10,253,756
Non-controlling interest	364,076	-	-	-
Total comprehensive income	10,427,909	9,892,291	10,253,756	10,253,756
Weighted average number of shares in issue	63,671,045	63,671,045	63,671,045	63,671,045
Earnings per share (Tzs)	164	155	161	161
Dividends per share (Tzs)		39		80

Statement of Financial Position as at

	Group 30-Jun-11 Tzs'000	Company 30-Jun-11 Tzs'000	Group 31-Dec-10 Tzs'000	Company 31-Dec-10 Tzs'000
ASSETS				
Non-current assets				
Property, plant and equipment	98,677,950	96,476,878	98,348,004	96,355,635
Intangible assets	6,321,195	-	6,321,195	-
Due from Employee's Share Trust	260,123	260,123	317,376	317,376
Investment in Group	-	5,468,104	-	5,468,104
105,259,268	102,205,105	104,986,575	102,141,115	
Current assets				
Inventories	36,059,468	32,112,185	30,962,073	25,242,443
Accounts receivable third party and other	8,656,978	7,880,898	8,152,341	7,121,056
Tax asset	376,725	201,183	-	-
Cash and bank	2,891,848	1,565,547	9,566,666	8,182,860
47,985,019	41,759,813	48,681,080	40,546,359	
TOTAL ASSETS	153,244,287	143,964,918	153,667,655	142,687,474
EQUITY AND LIABILITIES				
Capital and Reserves				
Issued share capital	1,273,421	1,273,421	1,273,421	1,273,421
Revaluation surplus	2,596,798	2,596,798	2,596,798	2,596,798
Retained earnings	102,578,593	102,145,033	102,880,436	103,821,719
Non-Controlling interest	1,898,962	-	1,935,612	-
108,347,774	106,015,252	108,686,267	107,691,938	
Non-current Liabilities				
Provision for site restoration	61,446	61,446	61,446	61,446
Interest bearing loans	-	-	2,500,000	2,500,000
Deferred tax liability	14,939,040	14,939,040	14,939,040	14,939,040
15,000,486	15,000,486	17,500,486	17,500,486	
Current liabilities				
Interest bearing loans	5,000,000	5,000,000	5,000,000	5,000,000
Bank overdraft	4,696,399	4,696,399	868,676	-
Trade and other payables	20,199,628	13,252,781	21,279,187	12,256,301
Income tax payable	-	-	333,039	238,749
29,896,027	22,949,180	27,480,902	17,495,050	
TOTAL EQUITY AND LIABILITIES	153,244,287	143,964,918	153,667,655	142,687,474

Statement of Cash Flows for the six months ended 30 June

	Group 2011 Tzs'000	Company 2011 Tzs'000	Group 2010 Tzs'000	Company 2010 Tzs'000
Cash generated from operating activities				
Net profit from operations	15,423,974	13,809,012	14,577,724	14,577,724
Depreciation	2,796,546	2,623,517	2,714,741	2,714,741
Other non-cash items	202,523	-	26,076	26,076
Cash generated from operations	18,423,043	16,432,529	17,318,541	17,318,541
(In)/decrease in inventories	(5,097,395)	(6,869,742)	(4,983,422)	(4,983,422)
(In)/decrease in accounts receivable	(504,637)	(759,842)	(1,789,933)	(1,789,933)
(De)/Increase in accounts payable	(1,079,559)	996,480	(1,138,318)	(1,138,318)
Cash flow from operations	11,741,452	9,799,425	9,406,868	9,406,868
Net interest received (paid)	(314,607)	(282,404)	(234,027)	(234,027)
Income taxes paid	(6,360,482)	(5,643,509)	(4,524,384)	(4,524,384)
Net cash generated from operations	5,066,363	3,873,512	4,648,457	4,648,457
Investing activities				
Acquisition of subsidiary net of cash acquired	-	-	(4,588,001)	(4,588,001)
Ordinary dividend received	600,000	600,000	297,000	297,000
Proceeds from disposal of fixed assets	-	-	2,616	2,616
Purchase of fixed assets	(3,126,492)	(2,744,812)	(12,146,150)	(12,146,150)
Net cash flow used in investing activities	(2,526,492)	(2,144,812)	(16,434,535)	(16,434,535)
Financing activities				
Employees' Share Trust	57,253	57,253	-	-
Proceeds from long term borrowings	-	-	10,000,000	10,000,000
Repayment of loan	(2,500,000)	(2,500,000)	-	-
Ordinary dividend paid	(10,599,665)	(10,599,665)	(11,397,117)	(11,397,117)
Dividend paid to Non-controlling interest	-	-	-	-
Net cash used in financing activities	(13,042,412)	(13,042,412)	(1,397,117)	(1,397,117)
(De)/Increase in cash and cash equivalents	(10,502,541)	(11,313,712)	(13,183,195)	(13,183,195)
Cash and cash equivalents at 1 January	8,697,990	8,182,860	10,169,853	10,169,853
(De)/Increase in cash and cash equivalents	(10,502,541)	(11,313,712)	(13,183,195)	(13,183,195)
Cash and cash equivalents at 30 June	(1,804,551)	(3,130,852)	(3,013,342)	(3,013,342)

Information to Members

The company secretary would like to inform members that dividends can be paid directly into their bank accounts.

Members can contact CAD Securities on 0779 303030 for information on how to have their dividends paid directly into their bank accounts.



Mofasi Lekota
Chairperson
12 August 2011



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Managing Director



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Company Secretary

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