

# UNAUDITED RESULTS FOR THE SIX MONTHS TO 30 JUNE 2012

## CHAIRPERSON'S STATEMENT

The macro-economic environment remained stable during the period under review. Although inflation remained high, at 17.4% per annum at 30th June compared to 19.2% at the end of December 2011, the exchange rate remained almost unchanged. The country continued to enjoy high level of foreign direct investment.

The supply of electricity was significantly better than during the same period last year, with the company generating only 1.2% of its requirement compared to 5.5% during the first half of 2011.

The availability of rail transport declined compared to the first half of 2011, with only 170 wagons being loaded, (a drop of 58%).

No major mechanical problems were experienced between January and June, whereas last year the kiln was stopped for almost six weeks for major refurbishment work.

### Results

Cement sales volumes increased by 14% over the same period last year, including a 35% increase in exports, while sales revenues increased by 24%. With substantially reduced maintenance and electricity costs, gross profit for the period increased by 40%. Overheads were tightly controlled and the company's operating profit for the period increased by 59%. Net profit after tax increased by 56%.

### Dividends

The board has recommended an interim dividend of Tzs 45 per share (2011:Tzs 39), which amounts to a total dividend of Tzs 2.9 billion.

### Future

The boards of both Tanga cement company limited and the company's majority shareholder, AfriSam, have approved the construction of second kiln at the factory in Tanga.

The new kiln will give Tanga cement company limited sufficient capacity to stop using very expensive imported clinker and will enable the company to increase cement production profitably in response to growing demand.

The project is due to commence before the end of 2012, with commissioning late 2014. The construction of the new kiln will not only benefit Tanga cement company limited but will also contribute to the economic development of Tanzania and the entire East African region.

### Closure of Share Register

The Register of Members will close on 25 September 2012. The last day of trading cum dividend will be 18 September 2012. The dividend will be paid on or about 30 October 2012.

### In conclusion

With the major plant refurbishments of the last two years behind it, the company is well positioned to take full advantage of its production capabilities to exploit the growing markets in Eastern Africa.

### Prof. Samuel Wangwe

Acting Chairperson

## Consolidated Statement of Comprehensive Income for the six months to 30 June

	Group Jun'2012 Tzs'000	Company Jun'2012 Tzs'000	Group Jun'2011 Tzs'000	Company Jun'2011 Tzs'000
<b>Revenue</b>	122,621,642	90,027,899	108,110,808	72,196,832
Cost of sales	(87,391,374)	(59,780,971)	(83,283,455)	(50,674,406)
<b>Gross profit</b>	<b>35,230,268</b>	<b>30,246,928</b>	<b>24,827,353</b>	<b>21,522,426</b>
Other operating expenses	(1,080,781)	(1,079,927)	(574,247)	(639,203)
Selling and administrative expenses	(6,955,230)	(4,895,640)	(6,032,586)	(4,450,694)
Depreciation and amortisation	(2,514,924)	(2,321,622)	(2,796,546)	(2,623,517)
<b>Net profit from operations</b>	<b>24,679,333</b>	<b>21,949,739</b>	<b>15,423,974</b>	<b>13,809,012</b>
Dividend received	-	600,000	-	600,000
Net finance costs	(219,797)	(104,654)	(314,607)	(282,404)
<b>Net profit before taxation</b>	<b>24,459,536</b>	<b>22,445,085</b>	<b>15,109,367</b>	<b>14,126,608</b>
Taxation	(7,813,861)	(6,953,145)	(4,681,458)	(4,234,317)
<b>Net profit for the year</b>	<b>16,645,675</b>	<b>15,491,940</b>	<b>10,427,909</b>	<b>9,892,291</b>
<b>Total Comprehensive Income</b>	<b>16,645,675</b>	<b>15,491,940</b>	<b>10,427,909</b>	<b>9,892,291</b>
Attributable to:				
Owners of the Parent	15,876,977	15,491,940	10,063,833	9,892,291
Non-Controlling Interest	768,698	-	364,076	-
<b>Total Comprehensive Income</b>	<b>16,645,675</b>	<b>15,491,940</b>	<b>10,427,909</b>	<b>9,892,291</b>
<b>Weighted average number of shares in issues</b>	<b>63,671,045</b>	<b>63,671,045</b>	<b>63,671,045</b>	<b>63,671,045</b>
<b>Earnings per share (Tzs)</b>	<b>261</b>	<b>243</b>	<b>164</b>	<b>155</b>
<b>Dividends per share (Tzs)</b>		<b>45</b>		<b>39</b>

## Consolidated Statement of Financial Position for the six months to 30 June

	Group Jun'2012 Tzs'000	Company Jun'2012 Tzs'000	Group Dec'2011 Tzs'000	Company Dec'2011 Tzs'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	106,424,378	100,925,177	105,237,748	99,612,508
Intangible assets	2,827,792	-	2,827,792	-
Due from Employee's Share Trust	370,787	370,787	320,813	320,813
Investment in Group	-	5,468,104	-	5,468,104
	<b>109,622,957</b>	<b>106,764,068</b>	<b>108,386,353</b>	<b>105,401,425</b>
<b>Current assets</b>				
Inventories	34,898,538	31,155,648	36,114,556	32,497,799
Accounts receivable third party and other	9,267,312	9,652,460	9,087,416	8,428,127
Cash and bank	25,564,062	23,086,849	12,683,619	9,760,646
	<b>69,729,912</b>	<b>63,894,957</b>	<b>57,885,591</b>	<b>50,686,572</b>
<b>TOTAL ASSETS</b>	<b>179,352,869</b>	<b>170,659,025</b>	<b>166,271,944</b>	<b>156,087,997</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserves</b>				
Issued share capital	1,273,421	1,273,421	1,273,421	1,273,421
Retained earnings	126,598,972	127,817,993	113,713,675	115,318,590
Equity attributable to owners of the parent	127,872,393	129,091,414	114,987,096	116,592,011
Non-Controlling interest	2,210,190	-	1,841,493	-
	<b>130,082,583</b>	<b>129,091,414</b>	<b>116,828,589</b>	<b>116,592,011</b>
<b>Non-current Liabilities</b>				
Provision for site restoration	65,447	65,447	65,447	65,447
Deferred tax liability	17,563,609	17,563,609	17,563,609	17,563,609
	<b>17,629,056</b>	<b>17,629,056</b>	<b>17,629,056</b>	<b>17,629,056</b>
<b>Current liabilities</b>				
Interest bearing loans	-	-	2,500,000	2,500,000
Bank overdraft	-	-	934,367	-
Trade and other payables	28,963,634	21,520,014	27,270,891	18,373,871
Income tax payable	2,677,596	2,418,541	1,109,041	993,059
	<b>31,641,230</b>	<b>23,938,555</b>	<b>31,814,299</b>	<b>21,866,930</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>179,352,869</b>	<b>170,659,025</b>	<b>166,271,944</b>	<b>156,087,997</b>

## Consolidated Statement of Cash Flows for the six months to 30 June

	Group Jun'2012 Tzs'000	Company Jun'2012 Tzs'000	Group Jun'2011 Tzs'000	Company Jun'2011 Tzs'000
<b>Cash generated from operating activities</b>				
Net profit from operations	24,679,333	21,949,739	15,423,974	13,809,012
Depreciation	2,514,924	2,321,622	2,796,546	2,623,517
Other non-cash items	-	-	202,523	-
<b>Cash generated from operations</b>	<b>27,194,257</b>	<b>24,271,361</b>	<b>18,423,043</b>	<b>16,432,529</b>
(In)/decrease in inventories	1,216,018	1,342,151	(5,097,395)	(6,869,742)
(In)/decrease in accounts receivable	(179,896)	(1,224,333)	(504,637)	(759,842)
(De)/Increase in accounts payable	1,692,743	3,146,143	(1,079,559)	996,480
<b>Cash flow from operations</b>	<b>29,923,122</b>	<b>27,535,322</b>	<b>11,741,452</b>	<b>9,799,425</b>
Net interest received (paid)	(219,797)	(104,654)	(314,607)	(282,404)
Income taxes paid	(6,244,447)	(5,527,661)	(6,360,482)	(5,643,561)
<b>Net cash generated from operations</b>	<b>23,458,878</b>	<b>21,903,007</b>	<b>5,066,363</b>	<b>3,873,460</b>
<b>Investing activities</b>				
Ordinary dividend received	-	600,000	600,000	600,000
Purchase of fixed assets	(3,701,554)	(3,634,291)	(3,126,492)	(2,744,760)
<b>Net cash flow used in investing activities</b>	<b>(3,701,554)</b>	<b>(3,034,291)</b>	<b>(2,526,492)</b>	<b>(2,144,760)</b>
<b>Financing activities</b>				
Employees' Share Trust	(49,974)	(49,974)	57,253	57,253
Repayment of loan	(2,500,000)	(2,500,000)	(2,500,000)	(2,500,000)
Ordinary dividend paid	(2,992,539)	(2,992,539)	(10,599,665)	(10,599,665)
Dividend paid to Non-controlling interest	(400,000)	-	-	-
<b>Net cash used in financing activities</b>	<b>(5,942,513)</b>	<b>(5,542,513)</b>	<b>(13,042,412)</b>	<b>(13,042,412)</b>
<b>(De)/Increase in cash and cash equivalents</b>	<b>13,814,810</b>	<b>13,326,202</b>	<b>(10,502,542)</b>	<b>(11,313,713)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>11,749,252</b>	<b>9,760,646</b>	<b>8,697,990</b>	<b>8,182,860</b>
(De)/Increase in cash and cash equivalents	13,814,810	13,326,203	(10,502,542)	(11,313,713)
<b>Cash and cash equivalents at 30 June</b>	<b>25,564,062</b>	<b>23,086,849</b>	<b>(1,804,551)</b>	<b>(3,130,853)</b>

## Information to Members

The Company Secretary would like to inform the Members that dividends can be directly transferred to their bank accounts.

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



**Prof. Samuel Wangwe**  
Acting Chairperson  
10 August 2012



**Erik Westerberg**  
Managing Director



**David Lee**  
Company Secretary

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