

# AUDITED RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

## CHAIRPERSON'S STATEMENT

As a major contributor to the Tanzanian economy, I am proud of the positive performance delivered by the employees of the Tanga Cement Company during 2011.

During the period under review the Company was well positioned to take advantage of the growth in cement demand in the region and was able to meet market requirements comfortably. Although slightly lower than the growth achieved in previous years, sales volumes and revenues increased in line with market demand.

The growth in sales revenue was, however, offset by a sharp increase in the cost of sales when compared to 2010. This was largely due to a major refurbishment of the plant, resulting in a higher than normal proportion of imported clinker being used in the manufacturing process during the first quarter of the year. This was further aggravated by a substantial increase in energy costs and by difficulties encountered due to the unreliable supply of electricity.

The depreciation of the shilling also impacted negatively on the Company's financial performance, as a significant proportion of costs are incurred in foreign currencies.

Although selling and administrative costs were below budget, the increased production costs resulted in a 17% reduction in the Company's earnings before interest, tax and depreciation compared to 2010.

## Prospects

With the expected growth in demand for cement the outlook is very positive.

In anticipation of expected growth within the construction industry, the Tanga Cement Company has prepared itself to meet the increase in demand. With its reputation for high quality and with an excellent distribution network in place, the Company's sales volumes are expected to increase at least in line with market growth.

## Dividends

A dividend of 25% of net profit after tax is proposed and consequently the Board has recommended final dividend of Tzs 47 per share. This amounts to Tzs 3 billion.

## Closure of Share Register

The Register of Members will close on 8 May 2012. The last day of trading cum dividend will be 30 April 2012. The dividend will be paid on or about 31 May 2012.

## In conclusion

The positive outlook in the market presents Tanga Cement Company with many opportunities. The Company is well positioned to take full advantage of these by executing its mission of developing, producing and distributing high quality cement, related products and services in a sustainable manner to satisfy its customers' expectations.

We look forward to building on the many successes achieved in 2011.

**Prof. Samuel Wangwe**  
Acting Chairperson

## Consolidated Statement of Comprehensive Income for the year ended 31 December

	Group 2011 Tzs'000	Company 2011 Tzs'000	Group 2010 Tzs'000	Company 2010 Tzs'000
<b>Revenue</b>	233,863,262	161,435,718	199,428,259	149,181,278
Cost of sales	(170,126,923)	(109,400,977)	(131,843,967)	(89,465,874)
<b>Gross profit</b>	<b>63,736,339</b>	<b>52,034,741</b>	<b>67,584,292</b>	<b>59,715,404</b>
Other operating expenses	(1,916,965)	(2,118,455)	(976,183)	(1,232,238)
Selling and administrative expenses	(18,692,079)	(10,585,590)	(14,762,957)	(8,935,270)
Depreciation and amortisation	(5,353,534)	(5,001,140)	(5,698,387)	(5,489,312)
<b>Net profit from operations</b>	<b>37,773,761</b>	<b>34,329,556</b>	<b>46,146,765</b>	<b>44,058,584</b>
Dividend received	-	1,680,000	-	651,000
Gain in fair value of pre acquisition shares	-	-	698,681	698,681
Share of profit of associates	-	-	15,538	15,538
Net finance costs	(688,563)	(561,139)	(802,141)	(727,735)
<b>Net profit before taxation</b>	<b>37,085,198</b>	<b>35,448,417</b>	<b>46,058,843</b>	<b>44,696,068</b>
Taxation	(14,794,279)	(13,519,747)	(13,485,040)	(12,501,850)
<b>Net profit for the year</b>	<b>22,290,919</b>	<b>21,928,670</b>	<b>32,573,803</b>	<b>32,194,218</b>
<b>Total Comprehensive Income</b>	<b>22,290,919</b>	<b>21,928,670</b>	<b>32,573,803</b>	<b>32,194,218</b>
Attributable to:				
Owners of the Parent	21,265,038	21,928,670	31,681,935	32,194,218
Non-Controlling Interest	1,025,881	-	891,868	-
<b>Total Comprehensive Income</b>	<b>22,290,919</b>	<b>21,928,670</b>	<b>32,573,803</b>	<b>32,194,218</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>350</b>	<b>344</b>	<b>512</b>	<b>506</b>
<b>Dividends per share (Tzs)</b>		<b>86</b>		<b>247</b>

## Consolidated Statement of Financial Position as at 31 December

	Group 2011 Tzs'000	Company 2011 Tzs'000	Group 2010 Tzs'000	Company 2010 Tzs'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	105,237,748	99,612,508	101,841,407	96,355,635
Intangible assets	2,827,792	-	2,827,792	-
Due from Employee's Share Trust	320,813	320,813	317,376	317,376
Investment in Group	-	5,468,104	-	5,468,104
<b>108,386,353</b>	<b>105,401,425</b>	<b>104,986,575</b>	<b>102,141,115</b>	
<b>Current assets</b>				
Inventories	36,114,556	32,497,799	30,962,073	25,242,443
Accounts receivable third party and other	9,087,416	8,428,127	8,152,341	7,121,056
Cash and bank	12,683,619	9,760,646	9,566,666	8,182,860
<b>57,885,591</b>	<b>50,686,572</b>	<b>48,681,080</b>	<b>40,546,359</b>	
<b>TOTAL ASSETS</b>	<b>166,271,944</b>	<b>156,087,997</b>	<b>153,667,655</b>	<b>142,687,474</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	113,713,675	115,318,590	105,370,632	106,311,915
Equity attributable to owners of the parent	114,987,096	116,592,011	106,644,053	107,585,336
Non-Controlling interest	1,841,493	-	1,935,612	-
<b>116,828,589</b>	<b>116,592,011</b>	<b>108,579,665</b>	<b>107,585,336</b>	
<b>Non-current Liabilities</b>				
Provision for site restoration	65,447	65,447	61,446	61,446
Interest bearing loans	-	-	2,500,000	2,500,000
Deferred tax liability	17,563,609	17,563,609	15,045,642	15,045,642
<b>17,629,056</b>	<b>17,629,056</b>	<b>17,607,088</b>	<b>17,607,088</b>	
<b>Current liabilities</b>				
Interest bearing loans	2,500,000	2,500,000	5,000,000	5,000,000
Bank overdraft	934,367	-	868,676	-
Trade and other payables	27,270,891	18,373,871	21,279,187	12,256,301
Income tax payable	1,109,041	993,059	333,039	238,749
<b>31,814,299</b>	<b>21,866,930</b>	<b>27,480,902</b>	<b>17,495,050</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>166,271,944</b>	<b>156,087,997</b>	<b>153,667,655</b>	<b>142,687,474</b>

## Consolidated Statement of Cash Flows for the year ended

	Group 2011 Tzs'000	Company 2011 Tzs'000	Group 2010 Tzs'000	Company 2010 Tzs'000
<b>Cash generated from operating activities</b>				
Net profit from operations	37,773,761	34,329,556	46,146,765	44,058,584
Depreciation	5,353,534	5,001,140	5,741,062	5,489,312
Other non-cash items	4,001	4,001	(299,228)	29,630
<b>Cash generated from operations</b>	<b>43,131,296</b>	<b>39,334,697</b>	<b>51,588,599</b>	<b>49,577,526</b>
(In)/decrease in inventories	(5,152,483)	(7,255,356)	(13,785,107)	(8,065,477)
(In)/decrease in accounts receivable	(935,075)	(1,307,071)	(4,343,642)	(3,312,357)
(De)/Increase in accounts payable	6,152,545	6,278,410	10,652,312	1,629,426
<b>Cash flow from operations</b>	<b>43,196,283</b>	<b>37,050,680</b>	<b>44,112,162</b>	<b>39,829,118</b>
Net interest received (paid)	(688,563)	(561,139)	(802,141)	(727,735)
Income taxes paid	(11,500,310)	(10,247,470)	(12,187,060)	(10,797,241)
<b>Net cash generated from operations</b>	<b>31,007,410</b>	<b>26,242,071</b>	<b>31,122,961</b>	<b>28,304,142</b>
<b>Investing activities</b>				
Acquisition of subsidiary net of cash acquired	-	-	(4,588,001)	(4,588,001)
Ordinary dividend received	-	1,680,000	126,000	777,000
Proceeds from disposal of fixed assets	-	-	68,612	22,112
Purchase of fixed assets	(8,749,875)	(8,258,013)	(18,127,275)	(17,573,551)
<b>Net cash used in investing activities</b>	<b>(8,749,875)</b>	<b>(6,578,013)</b>	<b>(22,520,664)</b>	<b>(21,362,440)</b>
<b>Financing activities</b>				
Employee's Share Trust	(3,437)	(3,437)	62,106	62,106
Proceeds from long term borrowings	-	-	10,000,000	10,000,000
Repayment of loan	(5,000,000)	(5,000,000)	(2,500,000)	(2,500,000)
Ordinary dividend paid	(13,082,835)	(13,082,835)	(16,919,801)	(16,490,801)
Dividend paid to Non-controlling interest	(1,120,000)	-	(716,465)	-
<b>Net cash used in financing activities</b>	<b>(19,206,272)</b>	<b>(18,086,272)</b>	<b>(10,074,160)</b>	<b>(8,928,695)</b>
(De)/Increase in cash and cash equivalents	<b>3,051,262</b>	<b>1,577,786</b>	<b>(1,471,863)</b>	<b>(1,986,993)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>8,697,990</b>	<b>8,182,860</b>	<b>10,169,853</b>	<b>10,169,853</b>
(De)/Increase in cash and cash equivalents	<b>3,051,262</b>	<b>1,577,786</b>	<b>(1,471,863)</b>	<b>(1,986,993)</b>
<b>Cash and cash equivalents at 31 December</b>	<b>11,749,252</b>	<b>9,760,646</b>	<b>8,697,990</b>	<b>8,182,860</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 account.



**Prof. Samuel Wangwe**  
Acting Chairperson  
30th March 2012



**Erik Westerberg**  
Managing Director



**David Lee**  
Company Secretary

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