

# UNAUDITED RESULTS FOR THE SIX MONTHS TO 30 JUNE 2013

## CHAIRPERSON'S STATEMENT

Macro-economic stability continues to stimulate economic growth in Tanzania. This has resulted in changes to the competitive landscape in terms of increased competition from new entrants and cement imports.

The increased competition resulted in sales volumes being 4% lower than the volumes achieved over the same period in 2012. The lower sales volumes, together with reduced selling prices, resulted in sales revenue declining by 8%. Cost of sales decreased by 3.4% despite the annual kiln maintenance shutdown occurring in May rather than August. This should reflect positively during the second half of the year. The lower sales revenue contributed to the gross profit margin reduction from 28.7% in 2012 to 25.2% in the current year.

Sales and administrative expenses during the period increased by 23%, partly as a result of inflation but also due in part to unexpected redundancy costs and increased temporary use of external consultants.

Combined, these factors resulted in a reduction of 30% in the group's earnings before interest, tax and depreciation.

The outlook for the foreseeable future remains highly competitive and challenging. The management team is taking action to improve the company's performance through streamlining distribution, lowering production costs and reducing other costs through greater efficiency.

### Dividend

Despite the reduced net profit and the planned capital expenditure for construction of the second kiln, the Board of Directors has declared an interim dividend of Tzs 50 per share.

### Appointment

I was appointed as chairperson of the company on 17th May 2013 on the retirement of Prof. Samuel Wangwe. As the newly appointed Chairperson of the Board, I would like to thank Prof. Wangwe for the leadership he provided and for his valuable contribution to Tanga Cement Company Limited.

Mr Erik Westerberg, the Managing Director of TCCL, has tendered his resignation. Mr Reinhardt Swart, who joined the TCCL team in August 2012, has been appointed as Acting Managing Director with effect from 10 July 2013. Mr Swart has extensive knowledge and experience of the cement industry.

### Future

Good progress has been made in the preparation work for the construction of the second kiln at the factory in Tanga and commissioning is planned for mid 2015.

The second kiln, which will increase the company's clinker production capacity from 500,000 tons to 1,275,000 tons per year, will provide TCCL with sufficient capacity to produce all its own clinker requirements, eliminating the present need to import clinker and thereby substantially reducing future production costs. The economies of Tanzania and the wider East African region are forecast to continue growing at above 6% per annum. The new kiln will place TCCL in a strong position to take full advantage of growth in the region.

### Closure of Share Register

The Register of Members will close on 25th September, 2013. The last day of trading cum dividend will be 20th September, 2013. The dividend will be paid on or about 30 October 2013.

### Mr. L.Masha

Chairperson

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

	Group Jun'2013 Tzs'000	Company Jun'2013 Tzs'000	Group Jun'2012 Tzs'000	Company Jun'2012 Tzs'000
<b>Revenue</b>	112,825,909	84,511,404	122,621,642	90,027,899
Cost of sales	(84,428,731)	(60,323,028)	(87,391,374)	(59,780,971)
<b>Gross profit</b>	<b>28,397,178</b>	<b>24,188,376</b>	<b>35,230,268</b>	<b>30,246,928</b>
Other operating expenses	(869,718)	(870,112)	(1,080,781)	(1,079,927)
Selling and administrative expenses	(8,561,179)	(6,404,802)	(6,955,230)	(4,895,640)
Depreciation and amortisation	(2,918,143)	(2,751,916)	(2,514,924)	(2,321,622)
<b>Net profit from operations</b>	<b>16,048,138</b>	<b>14,161,546</b>	<b>24,679,333</b>	<b>21,949,739</b>
Dividend received	-	1,680,000	-	600,000
Net finance income/(expense)	(39,221)	206,824	(219,797)	(104,654)
<b>Net profit before taxation</b>	<b>16,008,917</b>	<b>16,048,370</b>	<b>24,459,536</b>	<b>22,445,085</b>
Taxation	(5,499,532)	(5,152,498)	(7,813,861)	(6,953,145)
<b>Net profit for the period</b>	<b>10,509,385</b>	<b>10,895,872</b>	<b>16,645,675</b>	<b>15,491,940</b>
<b>Total Comprehensive Income</b>	<b>10,509,385</b>	<b>10,895,872</b>	<b>16,645,675</b>	<b>15,491,940</b>
Attributable to:				
Owners of the Parent	10,350,523	10,895,872	15,876,977	15,491,940
Non-Controlling Interest	158,863	-	768,698	-
<b>Total Comprehensive Income</b>	<b>10,509,385</b>	<b>10,895,872</b>	<b>16,645,675</b>	<b>15,491,940</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>165</b>	<b>171</b>	<b>261</b>	<b>243</b>
<b>Dividend per share (Tzs)</b>		<b>50</b>		<b>45</b>

## Consolidated Statement of Financial Position as at

	Group Jun'2013 Tzs'000	Company Jun'2013 Tzs'000	Group Dec'2012 Tzs'000	Company Dec'2012 Tzs'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	109,707,194	104,435,061	108,464,946	103,026,587
Intangible assets	2,827,792	-	2,827,792	-
Due from Employee's Share Trust	514,351	514,351	467,241	467,241
Investment in Group	-	5,468,104	-	5,468,104
<b>113,049,337</b>	<b>110,417,516</b>	<b>111,759,979</b>	<b>108,961,932</b>	
<b>Current assets</b>				
Inventories	22,966,237	20,576,106	31,882,065	28,218,706
Accounts receivable third party and other	11,103,720	11,572,107	9,292,978	9,139,159
Tax receivable	1,907,760	1,984,260	-	-
Cash and bank	51,058,479	49,575,973	40,943,678	38,756,679
<b>87,036,196</b>	<b>83,708,446</b>	<b>82,118,721</b>	<b>76,114,544</b>	
<b>TOTAL ASSETS</b>	<b>200,085,533</b>	<b>194,125,962</b>	<b>193,878,700</b>	<b>185,076,476</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	150,127,283	151,456,814	143,176,878	143,959,986
Equity attributable to owners of the parent	151,400,704	152,730,235	144,450,299	145,233,407
Non-Controlling interest	1,512,116	-	2,473,971	-
<b>152,912,820</b>	<b>152,730,235</b>	<b>146,924,270</b>	<b>145,233,407</b>	
<b>Non-current Liabilities</b>				
Provision for site restoration	69,448	69,448	69,448	69,448
Deferred tax liability	19,354,560	19,354,560	19,354,560	19,354,560
<b>19,424,008</b>	<b>19,424,008</b>	<b>19,424,008</b>	<b>19,424,008</b>	
<b>Current liabilities</b>				
Bank overdraft	2,418,602	2,418,602	911,922	-
Trade and other payables	25,330,103	19,553,117	24,332,276	18,419,498
Income tax payable	-	-	2,286,224	1,999,563
<b>27,748,705</b>	<b>21,971,719</b>	<b>27,530,422</b>	<b>20,419,061</b>	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>200,085,533</b>	<b>194,125,962</b>	<b>193,878,700</b>	<b>185,076,476</b>


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

	Group Jun'2013 Tzs'000	Company Jun'2013 Tzs'000	Group Jun'2012 Tzs'000	Company Jun'2012 Tzs'000
<b>Cash generated from operating activities</b>				
Net profit from operations	16,048,138	14,161,546	24,679,333	21,949,739
Depreciation	2,918,143	2,751,916	2,514,924	2,321,622
Other non-cash items	136,078	136,078	-	-
<b>Cash generated from operations</b>	<b>19,102,359</b>	<b>17,049,540</b>	<b>27,194,257</b>	<b>24,271,361</b>
(In)/decrease in inventories	8,915,828	7,642,600	1,216,018	1,342,151
(In)/decrease in accounts receivable	(1,810,742)	(2,432,948)	(179,896)	(1,224,333)
(De)/Increase in accounts payable	997,827	1,133,619	1,692,743	3,146,143
<b>Cash flow from operations</b>	<b>27,205,272</b>	<b>23,392,811</b>	<b>29,923,122</b>	<b>27,535,322</b>
Net interest received (paid)	(39,221)	206,824	(219,797)	(104,654)
Income taxes paid	(9,693,514)	(9,136,320)	(6,244,447)	(5,527,661)
<b>Net cash generated from operations</b>	<b>17,472,537</b>	<b>14,463,315</b>	<b>23,458,878</b>	<b>21,903,007</b>
<b>Investing activities</b>				
Ordinary dividend received	-	1,680,000	-	600,000
Purchase of fixed assets	(4,195,398)	(4,193,606)	(3,701,554)	(3,634,291)
<b>Net cash flow used in investing activities</b>	<b>(4,195,398)</b>	<b>(2,513,606)</b>	<b>(3,701,554)</b>	<b>(3,034,291)</b>
<b>Financing activities</b>				
Employees' Share Trust	(47,110)	(47,110)	(49,974)	(49,974)
Repayment of loan	-	-	(2,500,000)	(2,500,000)
Ordinary dividend paid	(3,501,907)	(3,501,907)	(2,992,539)	(2,992,539)
Dividend paid to Non-controlling interest	(1,120,000)	-	(400,000)	-
<b>Net cash used in financing activities</b>	<b>(4,669,017)</b>	<b>(3,549,017)</b>	<b>(5,942,513)</b>	<b>(5,542,513)</b>
<b>(De)/Increase in cash and cash equivalents</b>	<b>8,608,121</b>	<b>8,400,692</b>	<b>13,814,810</b>	<b>13,326,202</b>
<b>Cash and cash equivalents at 1 January</b>	<b>40,031,756</b>	<b>38,756,679</b>	<b>11,749,252</b>	<b>9,760,646</b>
(De)/Increase in cash and cash equivalents	8,608,121	8,400,692	13,814,810	13,326,202
<b>Cash and cash equivalents at 30 June</b>	<b>48,639,877</b>	<b>47,157,371</b>	<b>25,564,062</b>	<b>23,086,848</b>

## Information to Members

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

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



**L. Masha**  
Chairperson  
15 August 2013



**R. Swart**  
AG: Managing Director



**David Lee**  
Company Secretary

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