

Unaudited financial results for the six months ended June 30, 2016

Extracts of financial statements

The Directors of Tanzania Cigarette Company Ltd (TCC) are pleased to announce the unaudited half year results for the period January 01 to June 30, 2016.

Half year performance

Net sales to June 30, excluding VAT and excise duty, increased by 4% to TZS 152.1 billion compared to TZS 146.4 billion in the same period in 2015.

Gross profit was consistent at TZS 89.7 billion compared to TZS 90.5 billion achieved in the similar period in 2015, despite a 12% increase in the cost of sales due to a higher US Dollar/Shilling exchange rate compared to the same period in 2015.

The increase in the cost of sales was offset by an 8% decline in operating expenses. This reduction, along with a 4% increase in net sales, resulted in a 5% increase in profit before tax to TZS 52.0 billion compared to TZS 49.6 billion in the same period in 2015.

Profit after tax increased by 8% to TZS 36.5 billion compared to TZS 33.8 billion in the same period last year.

The Company generated TZS 60.3 billion in operating cash flow to June 30, 2016 of which TZS 18.5 billion was used to pay corporate tax to June 30, 2016 and the final gross dividend of TZS 30 billion for the year ended December 31, 2015.

Prospects to December 31, 2016

The Directors are cautiously optimistic about second half results to December 31, 2016. Management will continue to take appropriate actions to achieve its revenue and profit targets for the year.

Dividend

The Directors have resolved to declare an interim gross dividend of TZS 300 per share for the half year ended June 30, 2016 (June 30, 2015: TZS 300 per share). The dividend will be paid less 5% withholding tax on or about November 08, 2016, to shareholders registered at the close of business on October 10, 2016.

Shares will start trading ex-dividend on October 06, 2016. The Register of Members will close on October 10, 2016.

I wish to thank all stakeholders for their continued support to TCC. I look forward to updating shareholders on the full year performance in early 2017.

Majd Abdou
Chairman and Chief Executive Officer

Condensed statement of comprehensive income for the six months ended June 30, 2016 (Unaudited)			
	30 June 2016 TZS M	30 June 2015 TZS M	%
Gross turnover	250,686	246,077	2%
- VAT	(32,988)	(33,086)	0%
Revenue	217,698	212,991	2%
- Excise duty	(65,633)	(66,632)	-1%
Net sales	152,065	146,359	4%
- Cost of sales	(62,379)	(55,877)	12%
Gross profit	89,686	90,482	-1%
- Operating expenses	(37,734)	(40,891)	-8%
Profit before tax	51,952	49,591	5%
- Income tax expense	(15,493)	(15,813)	-2%
Profit after tax	36,459	33,778	8%
Earning per share			
Basic and diluted (TZS per share)	365	338	

Condensed statement of financial position as at June 30, 2016 (Unaudited)		
	30 June 2016 TZS M	30 June 2015 TZS M
Assets		
Non-current assets	83,569	89,682
Working capital:		
Current assets	161,783	145,325
Current liabilities	(49,376)	(48,122)
Net working capital	112,407	97,203
Total assets	195,976	186,885
Capital and reserves		
Share capital	2,000	2,000
Retained earnings	117,518	169,126
Defined benefit reserves	1,281	1,068
Shareholders' equity	180,799	172,194
Non-current liabilities	15,177	14,691
Total equity and liabilities	195,976	186,885

Condensed statement of cash flows for the six months ended June 30, 2016 (Unaudited)			
	30 June 2016 TZS M	30 June 2015 TZS M	%
Cash generated from operations	60,327	46,180	31%
Interest received	1,919	1,636	
Defined benefit paid	(156)	(135)	
Taxation paid	(18,503)	(18,357)	
Net cash generated by operating activities	43,587	29,324	49%
Net cash used in investing activities	(2,910)	(2,088)	39%
Net cash used in financing activities	(30,000)	(40,000)	-25%
Net change in cash and bank balances	10,677	(12,764)	-184%
Cash and bank balances at beginning of period	44,107	55,223	-20%
Cash and bank balances at end of period	54,784	42,459	29%

Condensed statement of changes in equity for the six months ended June 30, 2016 (Unaudited)				
	Share capital TZS M	Defined benefit reserves TZS M	Retained earnings TZS M	Total TZS M
At January 1, 2015	2,000	1,068	175,348	178,416
Profit for the period	-	-	33,778	33,778
Total	2,000	1,068	209,126	212,194
Final dividend paid -2014	-	-	(40,000)	(40,000)
Balance as at June 30, 2015	2,000	1,068	169,126	172,194
At January 1, 2016	2,000	1,281	171,059	174,340
Profit for the period	-	-	36,459	36,459
Total	2,000	1,281	207,518	210,799
Final dividend paid -2015	-	-	(30,000)	(30,000)
Balance as at June 30, 2016	2,000	1,281	177,518	180,799