

**AUDITED FINANCIAL
RESULTS FOR THE
YEAR ENDED
DECEMBER 31, 2018**

EXTRACTS OF THE FINANCIAL STATEMENTS

Dear Shareholders,

On behalf of the Directors of Tanzania Cigarette Public Limited Company (TCC Plc), I am pleased to report a strong set of results for the year ended December 31, 2018.

Strong results

Overall volume grew 5% on prior year driven by robust volume growth in the key export market of the Democratic Republic of Congo (DRC). Coupled with pricing in the domestic market and improved product mix, gross turnover increased by 4.3% to TZS 506.7 billion in the same period.

This top line growth and operational cost efficiencies have resulted in a profit after tax of TZS 47.9 billion, up 5.7% on prior year.

Consistent dividends

In view of the strong results, short to medium term operational and investment needs to sustain growth, the Directors have recommended a final gross dividend of TZS 250 per share (2017: TZS 200 per share). When added to the interim gross dividend of TZS 200 per share paid out in November 2018, the total dividend for the year ended December 31, 2018 is TZS 450 per share (2017: TZS 400 per share).

The final gross dividend will be paid on or about May 07, 2019 subject to shareholders' approval at the Annual General Meeting on April 3, 2019.

Shares will trade cum-dividend until April 08, 2019

Optimistic about the future

The Board and Management of TCC Plc remain optimistic about the future performance of the company, subject to a conducive business environment and macro-economic stability.

The launch of the "Blue Print for Regulatory Reforms" to improve the business climate is very encouraging. We hope its recommendations will be implemented. On-going significant investments in energy and transport infrastructure to unlock further business opportunities in and outside Tanzania point to a bright future. We are optimistic that the government will sustain the positive macro-economic achievements of 2018 and that peace and stability will prevail in the DRC.

Appreciation

I would like to take this opportunity to extend my sincere gratitude to fellow Board members for their effective oversight role and wise counsel. I am grateful to the management team and employees of TCC Plc for their hard work and unwavering commitment to consistently deliver on our business objectives. I wish to extend gratitude to business partners, our customers and consumers, and you, our esteemed shareholders for your support and trust.

Paul Makanza
Chairman of the Board

Tanzania Cigarette Public Limited Company Statement of profit or loss and other comprehensive income for the year ended 31 December, 2018 (Audited)	2018 TZS M	2017 TZS M	Change %
Gross turnover	506,739	485,832	4.3%
- VAT	(70,261)	(67,254)	4.5%
Revenue	436,478	418,578	4.3%
- Excise duty	(142,092)	(138,829)	2.4%
Net sales	294,386	279,749	5.2%
- Cost of sales	(128,278)	(121,601)	5.5%
Gross profit	166,108	158,148	5.0%
- Operating expenses	(94,628)	(92,233)	2.6%
Profit before tax	71,480	65,915	8.4%
- Income tax expense	(23,544)	(20,558)	14.5%
Profit for the year	47,936	45,357	5.7%
Other comprehensive income: Items that will not be reclassified subsequently to profit or loss			
- Defined benefit actuarial gain/(loss)	(910)	1,175	
- Tax relating to components of other comprehensive income	273	(353)	
Total comprehensive income, net of income tax	47,299	46,179	2.4%
Earnings per share:			
Basic and diluted (TZS per share)	479	454	

Tanzania Cigarette Public Limited Company Statement of cash flows for the year ended 31 December 2018 (Audited)	2018 TZS M	2017 TZS M
Cash flows from operating activities		
Cash generated from operating activities	69,156	88,153
Defined benefit paid	(479)	(226)
Interest received	774	1,175
Interest paid	(144)	(139)
Income tax paid	(19,569)	(26,289)
Net cash generated by operating activities	49,738	62,674
Cash flows from investing activities:		
Purchase of property, plant and equipments	(14,458)	(19,975)
Proceeds from disposal of property, plant and equipments	542	478
Net cash used in investing activities	(13,916)	(19,497)
Cash flows from financing activities:		
Dividends paid to owners of the company	(40,000)	(50,000)
Net cash used in financing activities	(40,000)	(50,000)
Net (decrease)/increase in cash and cash equivalents	(4,178)	(6,823)
Cash and cash equivalents at the beginning of the year	24,530	31,353
Cash and cash equivalents at the end of the year	20,352	24,530
Represented by:		
Cash & bank balances	20,351	24,530

Tanzania Cigarette Public Limited Company Statement of financial position as at 31 December 2018 (Audited)	2018 TZS M	2017 TZS M
Assets:		
Non-current assets		
Property, plant and equipment	98,117	96,765
Intangible assets	-	-
Total non-current assets	98,117	96,765
Current assets:		
Inventories	108,221	112,388
Income tax Receivable	0	1,321
Trade and other receivables	39,925	24,798
Cash and bank balances	20,351	24,530
Total current assets	168,497	163,037
Total assets	266,614	259,802
Equity and liabilities:		
Capital and reserves:		
Share capital	2,000	2,000
Defined benefit reserves	5,174	5,810
Retained earnings	183,020	175,085
Shareholders equity	190,194	182,895
Non-current liabilities:		
Deferred tax liabilities	7,357	6,843
Defined benefit obligation	7,577	5,871
Total non-current liabilities	14,934	12,714
Current liabilities:		
Trade and other payables	59,619	64,193
Income tax payable	1,867	-
Total current liabilities	61,486	64,193
Total liabilities	76,420	76,907
Total equity and liabilities	266,614	259,802