

DANGOTE FLOUR MILLS PLC

CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT AND LOSS AND COMPREHENSIVE INCOME

	30.06.2013	30.06.2012		31.12.2012
	Current	Prior Period	% Change	Prior Year
	N'000	N'000	%	N'000
Revenue	29,382,938	28,890,969	1.7%	58,675,337
Cost of Sales	(26,879,613)	(24,764,746)	-8.5%	(53,399,701)
	2,503,325	4,126,223	-39.3%	5,275,636
Distribution/Admin and Other Expenses	(4,044,065)	(3,425,506)	-18.1%	(5,438,503)
Other Income	150,014	223,404	-32.9%	504,044
Operating Income/ (Loss)	(1,390,726)	924,121	-250.5%	341,177
Impairment Allowance -Abnormal Item	(293,409)	(4,557)	-6338.6%	(1,248,367)
Operating Loss after abnormal costs	(1,684,135)	919,564	-283.1%	(907,190)
Finance Costs	(2,103,859)	(1,684,127)	-24.9%	(3,146,412)
Interest Received	15,245	15,512	-1.7%	53,251
Profit/(Loss) before Tax	(3,772,749)	(749,051)	-403.7%	(4,000,351)
Income Tax expense	1,473,152	284,519	417.8%	1,737,015
Profit/Loss After Tax Owners of the Company	(2,299,597)	(464,532)	-395.0%	(2,263,336)
Attributable to Owners of the Company:				
Owners of the parent	(2,692,400)	(642,326)	-319.2%	(2,840,713)
Fully Diluted Earnings per Share	(107.7)	(25.7)	-319.2%	(55.4)
Profit/ (Loss) for the year	(2,299,597)	(464,532)	395.0%	(2,263,336)
Actuarial Gains/ (Loss) - Assumption	-	-	0.0%	2,382
Actuarial Gains/ (Loss) - Experience	-	-	0.0%	68,608
Total Comprehensive Income/ (loss) for the year	(2,299,597)	(464,532)	395.0%	(2,192,346)
Attributable to:				
Owners of the parent	(2,692,400)	(642,326)	-319.2%	(2,769,723)
Non-Controlling Interest	392,803	177,794	-120.9%	577,377
	(2,299,597)	(464,532)	-395.0%	(2,192,346)
Basic and diluted earnings per share	(107.7)	(25.7)	-319.2%	(55.4)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30.06.2013	30.06.2012		31.12.2012
	Current Period	Prior Year End	% Change	Beginning of Prior Year
	N'000	N'000	%	N'000
Property, plant and equipment	41,816,575	45,043,031	-7.2%	44,048,647
Deferred Tax Assets	2,785,741	422,323	559.6%	1,621,122
Non-current asset held for sale and disposal groups	3,894	147,308	-97.4%	3,894
Total Non Current Assets	44,606,210	45,612,662	-2.2%	45,673,663
Inventories	11,126,082	9,831,178	13.2%	12,946,862
Debtors and Other Receivables	13,220,179	12,542,728	5.4%	11,927,694
Short Term loans	5,144,345	5,433,035	-5.3%	5,083,533
Cash and cash equivalents	1,497,975	2,630,032	-43.0%	1,817,266
Total Current Assets	30,988,581	30,436,973	1.8%	31,775,355
Trade and Other Payables	11,535,555	17,863,443	-35.4%	10,433,756
Current Financial liabilities	26,196,360	22,248,341	17.7%	26,488,798
Current Tax Liabilities	434,577	869,111	-50.0%	401,155
Total Current Liabilities	38,166,492	40,980,895	-6.9%	37,323,709
Non-Current Financial liabilities	10,898,928	2,676,876	307.2%	10,692,375
Provisions	986,737	1,528,112	-35.4%	1,254,329
Deferred Tax Liabilities	2,518,705	3,312,411	-24.0%	2,855,079
Total Non-Current Liabilities	14,404,370	7,517,399	91.6%	14,801,783
Working Capital	(7,177,911)	(10,543,922)	-31.9%	(5,548,354)
Net Assets	23,023,929	27,551,341	-16.4%	25,323,526
Non Controlling Interest	1,472,151	679,765	116.6%	1,079,348
Attributable to Owners of the Company	21,551,778	26,871,576	-19.8%	24,244,178

STATEMENT OF CHANGES IN EQUITY										
	Share Capital	Capital Reserve	PPE Revaluation Surplus	Available for Sale Fin. Assets			Retained Earnings	Total	Non-Controlling Interest	Total Equity
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance as at Beginning of the Prior Year (1 Jan 2012)	2,500,000	18,116,249	-	-			6,897,652	27,513,901	501971	28,015,872
Changes in Accounting Policy								-	0	-
Restated Balance								-	0	-
Changes in Equity for the Prior Year:							-	-	0	-
Issued Share Capital								-	0	-
Dividend	-						(500,000)	(500,000)	0	(500,000)
Total Comprehensive Income							(2,769,723)	(2,769,723)	577377	(2,192,346)
Balance as at End of the Prior Year (31 Dec 2012)	2,500,000	18,116,249					3,627,929	24,244,178	1,079,348	25,323,526
Changes in Equity Current year: 2013								-	0	-
Issued Share Capital								-	0	-
Dividend	-						-	-	0	-
Total Comprehensive Income	-						(2,692,400)	(2,692,400)	392,803	(2,299,597)
Balance as at End of the Current Year (30 June 2013)	2,500,000	18,116,249					935,529	21,551,778	1,472,151	23,023,929

STATEMENT OF CASH FLOW	30.06.2013	31.12.2012	
	Current Year	Prior Year	% Change
	N'000	N'000	%
Cash Flow from Operating Activities	2,458,523	200,514	1126%
Operating Cash Flow before Working Capital Changes	1,105,910	4,471,455	75.3%
Net Cash Generated from Operating Activities	375,490	(4,029,419)	-109%
Cash Flow from Investing Activities	(825,565)	(1,830,744)	54.9%
Cash Flow from Financing Activities	(1,952,059)	13,406,295	-115%
Net Increase/Decrease Cash and Cash Equivalent	(2,402,134)	7,546,132	-132%
Cash and Cash Equivalent Beginning of the Year	(107,896)	(7,654,028)	98.6%
Cash and Cash Equivalent End of the Year	(2,510,030)	(107,896)	-2226.3%
CORPORATE ACTION			
Proposed Bonus	NIL		
Proposed Dividend	NIL		
Closure Date	NOT APPLICABLE		
Date of Payment	NOT APPLICABLE		
AGM Date	NOT APPLICABLE		
AGM Venue	NOT APPLICABLE		

DANGOTE FLOUR MILLS PLC

Commentary: Financial performance for the six months ending June 2013

Overview

The group's performance for the six-month period ended June 2013 continues to reflect the significant challenges being faced by the business in the short term. Sales volumes continue to be impacted by intense competition arising from over-capacity of supply in the flour milling sector, as well as unresolved debt issues, which have resulted in the moderation of credit extension to customers. Profitability has been further impacted by pricing pressures resulting from significant input cost inflation in the raw material cost of wheat, which has increased by 17% relative to the corresponding prior period and has been exacerbated by the 15% wheat levy imposed with effect from 1 July 2012. The results also reflect once off costs of N796million resulting from the new management team's focus on the right-sizing of the business and the optimisation of supply chain efficiencies and product quality. Management continues to focus on improving service levels and driving demand in order to improve capacity utilization and sales volumes, whilst managing margin pressures to ensure an improved profit performance. Progress is being achieved in improving the group's internal controls and business systems.

Financial performance

Group turnover of N29.4billion was 1.7% ahead of corresponding prior year period. Group profitability was negatively affected by ongoing volume pressures, as well as significant input cost inflation, which could not be fully recovered through price increases. Operating loss before interest and tax of N1.68billion included non-recurring abnormal costs of N796 million relating to retrenchment costs as well as the write off of obsolete stock and fixed assets. Net financing costs of N2.1billion is reflective of the compounding effect of the group's increased debt and high cost of borrowing, which is currently being reviewed.

Dangote Flour

Turnover for the six-month period ended 30 June 2013 increased by 6.6% to N15.6billion. However, above inflationary cost increases in the raw material cost of wheat resulted in an operating loss of N1.9billion for the period. The business has embarked on a turnaround strategy to ensure adherence to world-class manufacturing standards and operating disciplines and whilst this has resulted in significant once off costs in the period, satisfactory progress is being achieved in improving product quality and service levels.

Dangote Pasta

The Pasta business experienced significant challenges during the period that arose from product quality and supply chain issues. The manufacturing facility was shut down for a three-week period in order to address production inefficiencies and to ensure consistent product quality and service levels. Consequently, sales volumes were negatively affected during the period and turnover declined by 39.2% to N2.9billion, relative to the corresponding prior period.

Dangote Noodles

The Noodles business achieved a 28% increase in turnover to N2.9billion for the six-month period ended 30 June 2013. This was underpinned by strong volume growth, which resulted from an improvement in service levels. During the period under review, the Noodles manufacturing facility in Calabar, which had previously been moth-balled, was reactivated in order to supplement market demand.

Dangote Agrosacks

Turnover for the Agrosacks business increased by 15% to N9.2billion and operating income after abnormal items grew by 47% to N1.46billion.

Outlook

The group continues to implement its turnaround strategy in a challenging trading environment and it is envisaged that the "back to basics focus" will continue for the balance of the current financial