

DANGOTE FLOUR MILLS PLC

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND COMPREHENSIVE INCOME

	31.03.2014	31.03.2013		30.09.2013
	Current	Prior Period	% Change	Prior Year
	N'000	N'000	%	N'000
Revenue	18,583,698	19,125,343	-2.8%	29,960,419
Cost of Sales	(17,828,851)	(19,096,206)	6.6%	(29,317,791)
Gross Profit	754,847	29,137	2490.7%	642,628
Distribution/Admin and Other Expenses	(3,326,329)	(2,939,619)	-13.2%	(6,873,868)
Other Income	38,760	166,664	-76.7%	233,975
Abnormal items	(777,000)	-	-100.0%	-
Operating Profit/ (Loss)	(3,309,722)	(2,743,818)	-20.6%	(5,997,265)
Finance Costs	(1,441,056)	(1,551,417)	7.1%	(2,364,956)
Interest Received	8,392	6,687	25.5%	19,927
Profit/(Loss) before Tax	(4,742,386)	(4,288,548)	-10.6%	(8,342,294)
Income Tax expense	434,205	1,380,562	-68.5%	1,577,990
Profit/Loss After Tax From Continuing Operations	(4,308,181)	(2,907,986)	-48.1%	(6,764,304)
Profit/Loss After Tax From Discontinuing Operations	168,781	1,063,772	-84.1%	(452,697)
Profit/Loss After Tax	(4,139,400)	(1,844,214)	-124.5%	(7,217,001)
Attributable to Owners of the Company:				
Owners of the parent	(4,269,004)	(2,344,266)	-82.1%	(7,932,996)
Fully Diluted Earnings per Share	(85.38)	(46.89)	-82.1%	(158.66)
Profit/ (Loss) for the year	(4,139,400)	(1,844,214)	-124.5%	(7,217,001)
Total Comprehensive Income/ (loss) for the year	(4,139,400)	(1,844,214)	-124.5%	(7,217,001)
Attributable to:				
Owners of the parent	(4,269,004)	(2,344,266)	-82.1%	(7,932,996)
Non-Controlling Interest	129,604	500,052	-74.1%	715,995
	(4,139,400)	(1,844,214)	-124.5%	(7,217,001)
Basic and diluted earnings per share	(85.38)	(46.89)	-82.1%	(158.66)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31.03.2014	31.03.2013		30.09.2013
	Current Period	Prior Period	% Change	Prior Year
	N'000	N'000	%	N'000
Property, plant and equipment	28,785,365	43,251,515	-33.4%	30,002,456
Deferred Tax Assets	3,171,579	2,417,086	31.2%	2,896,528
Net non-current asset held for sale and disposal groups	-	-	0.0%	8,209,803
Total Non Current Assets	31,956,944	45,668,601	-30.0%	41,108,787
Inventories	5,843,573	13,359,244	-56.3%	9,372,457
Debtors and Other Receivables	7,482,752	10,992,820	-31.9%	7,789,466
Short Term loans	5,886,952	3,600,959	63.5%	6,183,288
Cash and cash equivalents	1,709,845	1,402,445	21.9%	1,423,664
Total Current Assets	20,923,122	29,355,468	-28.7%	24,768,875
Trade and Other Payables	10,608,222	11,236,409	-5.6%	11,992,772
Current Financial liabilities	21,062,675	22,993,859	-8.4%	23,440,364
Current Tax Liabilities	356,877	478,850	-25.5%	238,448
Total Current Liabilities	32,027,774	34,709,118	-7.7%	35,671,584
Non-Current Financial liabilities	7,102,360	12,161,193	-41.6%	9,646,302
Provisions	-	1,000,066	-100.0%	-
Deferred Tax Liabilities	2,171,692	3,265,534	-33.5%	2,453,251
Total Non-Current Liabilities	9,274,052	16,426,793	-43.5%	12,099,553
Working Capital	(11,104,652)	(5,353,650)	-107.4%	(10,902,709)
Net Assets	11,578,240	23,888,158	-51.5%	18,106,525
Non Controlling Interest	(463,938)	1,318,074	-135.2%	1,795,343
Attributable to Owners of the Company	12,042,178	22,570,084	-46.6%	16,311,182

STATEMENT OF CHANGES IN EQUITY						
	Share Capital	Capital Reserve	Retained Earnings	Total	Non-Controlling Interest	Total Equity
	N'000	N'000	N'000	N'000	N'000	N'000
Balance as at Beginning of the Prior Year (1 Jan 2013)	2,500,000	18,116,249	3,627,929	24,244,178	1,079,348	25,323,526
Changes in Accounting Policy				-	0	-
Restated Balance				-	0	-
Changes in Equity for the Prior Year:			-	-	0	-
Issued Share Capital				-	0	-
Dividend	-		-	-	0	-
Total Comprehensive Income			(7,932,996)	(7,932,996)	715,995	(7,217,001)
Balance as at End of the Prior Period (30 Sep 2013)	2,500,000	18,116,249	(4,305,067)	16,311,182	1,795,343	18,106,525
Changes in Equity Current year: 2014				-	0	-
Issued Share Capital				-	0	-
Disposal of discontinued operations	-		-	-	(2,388,885)	(2,388,885)
Total Comprehensive Income	-		(4,269,004)	(4,269,004)	129,604	(4,139,400)
Balance as at End of the period (31 Mar 2014)	2,500,000	18,116,249	(8,574,071)	12,042,178	(463,938)	11,578,240

STATEMENT OF CASH FLOW	31.03.2014	31.03.2013	
	Current Year	Prior Year	% Change
	N'000	N'000	%
Cash Flow from Operating Activities	(397,519)	1,238,587	-132.1%
Operating Cash Flow before Working Capital Changes	(397,519)	1,238,587	-132.1%
Net Cash Generated from Operating Activities	141,119	1,179,575	88.0%
Cash Flow from Investing Activities	7,118,647	(749,712)	1049.5%
Cash Flow from Financing Activities	(6,869,615)	701,590	-1079%
Net Increase/Decrease Cash and Cash Equivalent	390,151	1,131,453	-66%
Cash and Cash Equivalent Beginning of the Year	(976,249)	(596,649)	-63.6%
Cash and Cash Equivalent End of the Year	(586,098)	534,804	209.6%
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 March 2014

Group Overview

The group's performance for the six-month period ended March 2014 demonstrates a gradual but sustainable recovery when compared to the first quarter.

Turnover from continuing operations for the half year ended March 2014 amounted to Naira 18.6billion, which is 2.8% lower than the corresponding figure last year. The Dangote Agrosacks business has been accounted for as a discontinued operation in line with the first quarter's accounting treatment. Regulatory approval for the disposal was received subsequent to the half year-end.

Competition arising from the over-capacity in the flour milling sector remains a challenge. Volumes were also negatively impacted by the security challenges in Northern Nigeria. However, volume delivery improved by 31% in the second quarter over the first quarter as a result of market related price reductions in the flour business.

Trading conditions continue to be challenging with price discounting in the market putting pressure on margins.

This has led to an operating loss for the half year of Naira 3.3billion which is inclusive of non-recurring historical liabilities of Naira 777million. This compares to an operating loss of Naira 2.7billion incurred in the corresponding prior period. Financing costs of N1.4b were 9% lower than the corresponding prior period and this resulted in a pre-tax loss of N4.7billion versus a loss of N4.3billion in the corresponding period last year.

Flour

Turnover for the six-month period ended 31 March 2014 increased by 4.9% to N15.1billion. The business witnessed intense competition as well as the negative impact of the implementation of Federal Government cashless policy in the Kano area during the period under review. The business effected a price reduction in December 2013 which improved volume delivery by 33% in the second quarter. This price reduction was in response to an overall market pricing reduction. The business has embarked on a turnaround strategy to ensure adherence to world-class manufacturing standards and operating disciplines with satisfactory progress achieved in improving product quality and service levels.

Dangote Pasta

The Pasta business experienced volume declines due to intensifying competitor activities with new entrants devaluing the category, the security concerns in the Northern part of the country, a depleted brand equity(due to historical quality and service level issues) and tighter credit control measures. The current go to market structure weaknesses are being addressed and will enable sustainable volume recovery.

Focus on manufacturing best practices and fleet maintenance has benefited product consistency and service levels.

Dangote Noodle

Noodles volumes decline is mainly attributable to customers' resistance to price increases taken toward the end of the PY. The introduction of a customer incentive programme has enabled a gradual recovery in volumes.

Progress has been made in addressing product quality issues and improving manufacturing efficiencies. Volume recovery is expected to be maintained on the back of the various initiatives over the remaining period.

Outlook

The outlook for the remaining period remains challenging but the business performance is expected to continue on an improvement trajectory as a result of the ongoing initiatives.