



# **DANGOTE CEMENT PLC**

## **MANAGEMENT ACCOUNTS 30 June 2011**

**Ityoyila Ukp**  
**Company Secretary/Legal Adviser**

**July 27, 2011**

# DANGOTE CEMENT PLC

## PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30 JUNE 2011

	Note	COMPANY 2011 H1 N'000	GROUP 2010 H1 N'000
Turnover	2	112,732,602	99,956,841
Cost of sales		<u>(51,870,730)</u>	<u>(43,558,705)</u>
Gross profit		60,861,872	56,398,136
Administrative expenses		(2,706,301)	(2,384,400)
Selling and distribution expenses		<u>(494,331)</u>	<u>(174,940)</u>
Operating profit		57,661,240	53,838,796
Other income	3	507,155	200,539
Interest received		1,101,875	632,159
Finance charges		<u>(708,457)</u>	<u>(558,805)</u>
Profit before taxation		58,561,813	54,112,689
Taxation	4	<u>(867,240)</u>	<u>(1,139,807)</u>
Profit after taxation		<u>57,694,573</u>	<u>52,972,882</u>
Profit for the period	15	<u><b>57,694,573</b></u>	<u><b>52,972,882</b></u>
Earning per share (Naira) - Basic		<u><b>7.45</b></u>	<u><b>211.89</b></u>
Earning per share (Naira) - Adjusted		<u><b>7.45</b></u>	<u><b>6.84</b></u>

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CEO - Cement

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Group Chief Finance Officer

# DANGOTE CEMENT PLC

## BALANCE SHEET AS AT 30 JUNE 2011

	Note	Jun. 2011 N'000	Dec. 2010 N'000
<b>FIXED ASSETS</b>			
Tangible assets	5	<u>288,198,252</u>	<u>285,442,982</u>
Investments	6	<u>50</u>	<u>50</u>
<b>CURRENT ASSETS</b>			
Stocks	7	18,779,347	14,865,278
Trade debtors		4,137,668	11,378,174
Other debtors and prepayments	8	62,380,557	44,027,246
Due from related companies	16	16,845,532	25,050,099
Cash and bank balances	9	<u>14,390,334</u>	<u>21,276,664</u>
		<u>116,533,438</u>	<u>116,597,461</u>
<b>CREDITORS: Amounts falling due within one year</b>			
Bank overdraft		-	36,440
Trade creditors		3,698,780	5,163,376
Other creditors and accruals	10	31,066,443	36,874,336
Due to related companies	16	8,631,047	6,988,814
Short term loans	11	13,200,000	37,600,992
Taxation	4	<u>4,005,422</u>	<u>3,196,823</u>
		<u>60,601,692</u>	<u>89,860,781</u>
NET CURRENT ASSETS		<u>55,931,746</u>	<u>26,736,680</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		344,130,048	312,179,712
Deferred taxation	12	(1,924,400)	(1,924,400)
<b>CREDITORS: Amounts falling due after more than one year</b>			
Long term loans	11	(107,252,509)	(98,251,413)
<b>PROVISION FOR LIABILITIES AND CHARGES</b>			
Staff gratuity	13	<u>(610,895)</u>	<u>(494,684)</u>
		<u><b>234,342,244</b></u>	<u><b>211,509,215</b></u>
<b>CAPITAL AND RESERVES</b>			
Share capital	14	7,745,685	7,745,685
Share premium		42,430,000	42,430,000
Revenue reserve	15	<u>184,166,559</u>	<u>161,333,530</u>
Shareholders' funds		<u><b>234,342,244</b></u>	<u><b>211,509,215</b></u>

# DANGOTE CEMENT PLC

## STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 30 JUNE 2011

	Note	Jun. 2011 N'000	Dec. 2010 N'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		112,953,765	193,599,035
Payment to suppliers and employees		(59,773,879)	(110,680,319)
Tax paid		(58,641)	(3,408,516)
		<hr/>	<hr/>
Net cash provided by operating activities		53,121,245	79,510,200
<b>Cash flows from investing activities</b>			
Interest received		1,101,875	870,553
Disposal / (Purchase) of investments		-	99,000
Proceed on disposal of fixed assets		886	24,688
Purchase of fixed assets	5	(10,103,999)	(113,686,841)
		<hr/>	<hr/>
Net cash provided by investing activities		(9,001,238)	(112,692,599)
<b>Cash flows from financing activities</b>			
Finance charges		(708,457)	(2,952,015)
Dividend paid		(34,861,544)	(30,982,595)
Loan (repaid) /obtained		(15,399,896)	71,443,339
		<hr/>	<hr/>
Net cash provided by financing activities		(50,969,897)	37,508,729
Net Increase in cash and cash equivalents		(6,849,890)	4,326,330
Cash and cash equivalents at 1 January		21,240,224	16,913,894
		<hr/>	<hr/>
Cash and cash equivalents at 30 June	9	<b>14,390,334</b>	<b>21,240,224</b>

# DANGOTE CEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 30 JUNE 2011

### 1. The Company

#### 1.1 Legal form

**Dangote Cement Plc** (formerly Obajana Cement Plc) was incorporated as a public limited liability company on 4 November, 1992. It changed its name in 2010. It commenced operations in January 2007. The company is a subsidiary of Dangote Industries Limited (DIL) with a shareholding of 94.87%. In 2010, under a scheme of arrangement, the assets and liabilities of its subsidiaries, Benue Cement Company Plc, Dangote BAIL Limited and DCW Limited, were merged with Obajana Cement Plc.

#### 1.2 Principal activities

The Company was established to operate plant for the preparation, manufacture, control, research and distribution of cement and related products. The Company's production activities are undertaken at Obajana and Gboko.

	Jun. 2011 N'000	Jun. 2010 N'000
<b>2. Turnover</b>		
Turnover represents the net amount of goods invoiced to customers within Nigeria.		
Analysis by operation:		
Cement	<u>112,732,602</u>	<u>99,956,841</u>
<b>3. Other income</b>		
Insurance claims	-	
Gains from haulage	423,575	200,539
Provision no longer required	-	
Profit on disposal of fixed assets	-	
Miscellaneous	<u>83,580</u>	
	<u>507,155</u>	<u>200,539</u>

Provision no longer required relates to provision made in previous years on related party transactions and other accrued expenses.

# DANGOTE CEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 30 JUNE 2011

	Jun. 2011 N'000	Dec. 2010 N'000
<b>4 Taxation</b>		
<b>a) Profit and loss account</b>		
Income tax based on the profit for the year	813,038	2,305,155
Education tax	54,202	159,545
Under provision in the prior year	-	(185,086)
	<u>867,240</u>	<u>2,279,614</u>
Deferred tax	-	(7,550,555)
Profit and loss account	<u><b>867,240</b></u>	<u><b>(5,270,941)</b></u>
<b>b) Balance sheet</b>		
At beginning of period	3,196,823	4,347,342
Charge for the year	867,240	2,279,614
Paid during the year	(58,641)	(3,430,133)
At end of period	<u><b>4,005,422</b></u>	<u><b>3,196,823</b></u>

### 5. Fixed Assets

	Land and buildings N'000	Plant and other equipment N'000	Motor vehicles N'000	Factory, furniture and equipment N'000	Capital work-in progress N'000	Total N'000
<b>Cost</b>						
At 1 January 2011	51,460,727	146,993,418	17,930,963	1,476,398	110,625,354	328,486,860
Additions during the period	-	108,848	359,292	15,212	9,620,647	10,103,999
Reclassification	-	-	-	-	(106,119)	(106,119)
Disposal	-	-	(6,062)	-	-	(6,062)
At 30 June 2011	<u>51,460,727</u>	<u>147,102,266</u>	<u>18,284,193</u>	<u>1,491,610</u>	<u>120,139,882</u>	<u>338,478,678</u>
<b>Depreciation</b>						
At 1 January 2011	2,808,783	31,344,494	7,801,433	1,089,168	-	43,043,878
Charge for the period	342,758	4,531,500	2,211,512	150,776	-	7,236,546
Disposal	-	-	-	-	-	-
At 30 June 2011	<u>3,151,541</u>	<u>35,875,994</u>	<u>10,012,945</u>	<u>1,239,944</u>	<u>-</u>	<u>50,280,424</u>
<b>Net book value</b>						
At 30 June 2011	<u><b>48,309,186</b></u>	<u><b>111,226,272</b></u>	<u><b>8,271,248</b></u>	<u><b>251,666</b></u>	<u><b>120,139,882</b></u>	<u><b>288,198,252</b></u>
At 31 December 2010	<u>48,651,944</u>	<u>115,648,924</u>	<u>10,129,530</u>	<u>387,230</u>	<u>110,625,354</u>	<u>285,442,982</u>

# DANGOTE CEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 30 JUNE 2011

	Jun. 2011 N'000	Dec. 2010 N'000
<b>6. Investments</b>		
Lion Football Club Limited	<u>50</u>	<u>50</u>
<b>7. STOCKS</b>		
Raw materials	3,754,403	535,128
Work in progress	1,147,944	1,396,010
Finished goods	917,492	791,356
Packaging materials	529,968	380,742
Goods in transit	5,518,440	4,314,344
Engineering spares	5,750,148	4,500,072
Sundry	376,410	2,637,882
Trading items	<u>784,542</u>	<u>309,744</u>
	<b><u>18,779,347</u></b>	<b><u>14,865,278</u></b>
<b>8. OTHER DEBTORS</b>		
Prepayments	6,785,780	505,027
Gas pipeline - build and transfer	2,869,117	5,678,446
Deposit for imports	8,349,571	1,064,536
Project funds	39,030,992	31,267,447
Other debtors	5,629,041	10,746,884
Pre operating Expenses	4,951,150	-
Provision	<u>(5,235,094)</u>	<u>(5,235,094)</u>
	<b><u>62,380,557</u></b>	<b><u>44,027,246</u></b>

a) Deposit for imports represents letters of credit with various banks for importation of goods which have not been received at period end.

b) The amount of N2.87 billion (2010 - N5.68 billion) represents the unamortised balance of the Company's investment on the Gas Pipeline which it has now transferred to Nigerian Gas Company (NGC). The gas pipeline was constructed with the understanding that NGC would take it over at an agreed cost and that the Company would recoup its cost from amount invoiced by NGC for gas consumption at an agreed rate. The agreement with the Nigerian Gas Company Limited, is for twenty years and came into effect in October 2006. The agreement as at 31 December 2010 had less than 16 years to run.

c) Project funds represents the amount advanced by the Company on its projects in Shagamu, Tema Cement Terminal (Ghana), Senegal Cement Project and Sack Plant (Obajana).

# DANGOTE CEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 30 JUNE 2011

	Jun. 2011 N'000	Dec. 2010 N'000
<b>9. BANK AND CASH BALANCES</b>		
Short-term deposit	5,916,669	10,760,935
Bank and cash balances	8,473,665	10,515,729
Bank overdraft	-	(36,440)
	<b><u>14,390,334</u></b>	<b><u>21,240,224</u></b>
<b>10. OTHER CREDITORS</b>		
Down payments received from customers	3,988,207	11,514,705
Provisions/accruals	15,763,821	5,954,710
Accrual for cement purchases	-	5,604,070
Other credit balances	4,265,233	4,751,698
Director's current account	-	1,753,823
Interest payable	-	1,968,773
Value added tax	5,147,313	3,353,268
WHT Payable	1,901,869	1,973,289
	<b><u>31,066,443</u></b>	<b><u>36,874,336</u></b>
<b>11. TERM LOANS</b>		
Zenith Bank Plc	33,333,333	40,000,000
Access Bank Plc	16,666,667	20,000,000
Fidelity Bank Plc	16,666,667	20,000,000
Bulk Commodities	505,037	492,427
Subordinated loan loans	42,571,505	42,704,758
Dangote Industries Limited	10,709,300	12,655,220
	<b><u>120,452,509</u></b>	<b><u>135,852,405</u></b>
<b>Analysed into:</b>		
Due within one year	13,200,000	37,600,992
Due after more than one year	107,252,509	98,251,413
	<b><u>120,452,509</u></b>	<b><u>135,852,405</u></b>

- a) Loans from Zenith Bank Plc, Access Bank Plc and Fidelity Bank Plc represent facilities to refinance existing loans and fund cement projects in African countries at fixed and floating interest rates ranging between 10% and 13% per annum . The tenor of the loans are for an initial 3 years plus 2 years roll over option.
- b) Subordinated loan is provided by Dangote Industries Limited in excess of equity capital.
- c) Bulk commodities loan (interest rate at 6% per annum) represents short term funding requirements. The loan is repayable on demand.
- d) Dangote Industries Limited (DIL) represents short term funding requirement (US \$70 million) obtained at an interest rate of 6% par annum.



# DANGOTE CEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 30 JUNE 2011

	Jun. 2011 N'000	Dec. 2010 N'000
<b>12. DEFERRED TAXATION</b>		
At beginning of period	1,924,400	9,474,955
Provision for the year	-	(7,550,555)
At end of period	<u><u>1,924,400</u></u>	<u><u>1,924,400</u></u>
<b>13. STAFF GRATUITY</b>		
At beginning of period	494,684	981,244
Provision for the year	116,211	100,268
Provision no longer required	-	(51,362)
Payments during the year	610,895	1,030,150
At end of period	<u><u>610,895</u></u>	<u><u>494,684</u></u>
<b>14. Share capital</b>		
<i>Authorised</i>		
20,000,000,000 ordinary shares of 50k each	<u><u>10,000,000</u></u>	<u><u>10,000,000</u></u>
<i>Issued and fully paid</i>		
15,491,370,368 ordinary shares of 50k each (2010: 1,000,000,000 ordinary shares)	7,745,685	500,000
14,000,000,000 bonus issue at 50 kobo per share	-	7,000,000
491,370,368 new shares issued at 50 kobo	-	245,685
	<u><u>7,745,685</u></u>	<u><u>7,745,685</u></u>
<b>15. REVENUE RESERVE</b>		
At beginning of period	161,333,530	98,196,429
On acquisition of Lagos Cement Terminal	-	(21,362,885)
Profit for the period	57,694,573	105,322,429
Bonus issue	-	(7,000,000)
Common control combination balance	-	21,075,680
Dividend paid - Dangote Cement Plc	(34,861,544)	(30,982,741)
Dividend paid - Benue Cement Company Plc.	-	(3,915,382)
At end of period	<u><u>184,166,559</u></u>	<u><u>161,333,530</u></u>

# DANGOTE CEMENT PLC

## NOTES TO THE FINANCIAL STATEMENTS PERIOD ENDED 30 JUNE 2011

	Jun. 2011 N'000	Dec. 2010 N'000
<b>16. RELATED PARTY TRANSACTIONS</b>		
<b>a) Amounts due from related companies</b>		
Dangote Industries Limited- Current Account	14,967,414	20,711,582
Savannah Sugar Company Plc	1,150,066	1,371,262
Greenview Nigeria Limited	483,056	-
Dangote Noodles	120,289	-
Dangote Sugar Refinery Plc	103,124	1,604,800
Dangote Flour Plc	121,063	211,865
Kogi Oil Services	896	896
Alheri Engineering Company Limited	-	3,193
Dangote Nigeria Limited	64,719	-
Dangote Pasta Limited	-	43,207
Bulk Commodities International	-	736,483
National Salt Company of Nigeria Plc	187,528	159,615
Others	346,534	906,353
	<u>17,544,689</u>	<u>25,749,256</u>
Provision for doubtful balances	(699,157)	(699,157)
	<b><u>16,845,532</u></b>	<b><u>25,050,099</u></b>
<b>b) Amounts due to related companies</b>		
Dangote Agro Sacks Plc	224,006	1,466,788
M.R.S Oil and Gas Company Limited	-	4,932,252
Bulk Commodities International	6,321,131	-
Dangote Travels Limited	-	129,818
Dangote AD Star Limited	-	280,906
Continental Cement Ltd	-	50,311
Dansa Foods	-	2,530
Alhaji Abdulmaman	-	696
Dangote Noodles	-	16,861
Greenview Nigeria Limited	-	108,652
Others	2,085,910	-
	<u>8,631,047</u>	<u>6,988,814</u>