



Nigerian-German Chemicals PLC

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Accounts 2002

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Financial Highlights

Year ended December, 2002

	2002	2001
	N'000	N'000
Major balance sheet items:		
Total Assets	1,796,738	1,763,535
Current liabilities	699,969	717,191
Provisions for liabilities and charges	100,682	58,273
Shareholder's funds	996,087	988,071
Major profit and loss account items:		
Turnover	1,439,659	977,168
Profit before taxation	95,090	39,336
Taxation	56,317	34,872
Profit after taxation	38,773	4,464
Dividend (gross)	30,757	-
Information per 50k ordinary share based on 153,786,012 ordinary shares:		
Earnings per share	25k	3.00k
Stock Exchange quotation as at 31st December	N 1.34	N 3.15
Dividend per share	20k	-
Dividend cover (times)	47	-
Net assets per share (actual)	N 6.48	N 6.42
Number of employees	122	113

Chairman's Statement

From the 39th Annual General Meeting - 18th July, 2003

Distinguished Shareholders, Ladies and Gentlemen,

I am pleased to welcome you all to the 39th Annual General Meeting of our Company and to present to you the Annual Report and Accounts for the year ended 31 December 2002. In order to appreciate the results, I shall dwell briefly on the business and political environment under which we operated.

The Business and Political Environment

The lingering disagreement between the Federal Executive and the Federal Legislature, characterized by the delay in approving and implementing the budget, set the tone for the operating environment in 2002, characterised largely by increased costs of doing business. Delays in release of funds by the Federal Government, kept interest rates high until towards the end of the year. The introduction of the Dutch Auction Foreign Exchange System systematically led to a gradual devaluation of the Naira. Unfortunately, also, initial improvements in public infrastructure such as electricity fell back significantly. The increase in fuel prices arising from scarcity increased the cost of doing business. the national road network, critical for distribution of goods continued to deteriorate.

Despite the foregoing, the Federal Government is to be commended for its efforts to create a liberal market oriented economy, driven largely by the private sector. the ongoing privatization process has recorded several successes, not least of all in telecommunications. The liberalisation of this sector has manifested itself in higher efficiencies, improved service deliveries and tremendous growth in job creation, directly and indirectly.

The Federal Government is also to be commended for its unequivocal support and backing for NAFDAC in its efforts to sanitise the food and drug industry. The entire Pharmaceutical industry has benefited considerably from the reduction in influx of substandard and counterfeit products, and owe the Director General and all members of NAFDAC a debt of gratitude for discharging their responsibilities without compromise and setting new standards for public office probity.

2002 Performance

Operating under the foregoing environment, the Company in 2002 recorded a turnover of N1,439,659,000 up from N977,168,000 or 47% over the previous year. Profit before Tax was N95,090,00 up from N39,336,000 the previous year, a growth of 142%. Improvement in our operating performance reflects the successful implementation of our strategic decision to divest our activities in the Industrial Chemical Division, and to reinvest resources hitherto tied up in the Division on growing the potential of our higher margin Pharmaceutical Division.

Outlook for 2002 & Beyond

It is our hope that the re-elections in 2003 and installation of a democratic government with a fresh mandate will build on the stability we expect and provide a stronger platform for further economic expansion. It is apparent that increased economic well-being will create a virtuous cycle for more stable politics and government.

Within NGC, we are committed to driving business growth by investing in replacement and new capacity, up-dating our IT systems, improving practices, developing skills and strengthening our operations. Bearing in mind the price-elasticity of our products, the enhancement of our operating efficiency is of paramount importance to us. Our measurement of success in this regard is our level of borrowings, and consequent interest expense, which we are committed to reducing.

Dividend Policy

Based on the results for the year, and following several years in which cash dividends were regrettably not available for distribution, the Board is pleased to recommend a dividend payment of 20 Kobo per share, amounting to N30.7m. In setting this level of dividend, we have taken into account the Company's improvement in profitability as well as the need to retain adequate resources within the business to support our growth plans and for the long term financial stability of the Company.

Changes to the Board

During the year, we received notification of the retirement of Alhaji (Dr). M. Aba Aji, following his retirement as Managing Director of NSITF. We wish him every success in his endeavours as an elected member of the Federal Senate. We subsequently received a request from NSITF to replace Alhaji Aba Aji with Alhaji A. R. Mohammed, the incumbent Managing Director. Rufa'i Mohammed is a seasoned accountant and administrator with over 27 years experience in both the private and public sectors. He has been Secretary to Kano State Housing Board, Chief Accountant/Company Secretary of Kano Textile Printers Ltd., Finance Controller, Kano State Investment and Property Company, Director (Finance & Investment) Kano Foundation and was the General Manager (Investment & Treasury Management)/ Special Assistant to the Managing Director/CE of Nigeria Social Insurance Trust Fund (NSITF) before he was appointed the Managing Director/CE. We have no doubt that the Company shall benefit from his wise counsel and contributions. Subject to your ratification of his appointment, we wish him every success during his tenure on this Board.

Management and Staff Matters

The good result for the year reflects largely the sustained effort, loyalty and commitment of the management team and staff. Their willingness to improve individual and team skills and to use those skills in driving the Company's objectives are commendable, and I am sure you have no objection to my extending our appreciation on your behalf to them.

Conclusion

In conclusion, let me express my gratitude to all the shareholders for their continued support. The Company remains fundamentally sound, with a very strong asset base, essential to safeguard sustained long-term growth and development. I conclude by reaffirming my confidence that long term shareholder value and returns are assured.

Thank you for your attention.

Abali Muhammadu – Emir of Fika
Chairman

Profit and Loss Account

Year ended December 31, 2002

	2002	2001
	N'000	N'000
TURNOVER	1,439,659	977,168
Cost of sales	(830,637)	(528,795)
GROSS PROFIT	609,022	448,373
Distribution expenses	(91,246)	(66,563)
Administrative expenses	(293,587)	(244,471)
Other income	23,181	30,035
OPERATING PROFIT	247,370	167,374
Interest payable and similar charges	(152,280)	(128,038)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	95,090	39,336
Tax on profit on ordinary activities	(56,317)	(34,872)
Profit on ordinary activities after taxation	38,773	4,464
APPROPRIATIONS		
PROPOSED DIVIDEND	(30,757)	-
RETAINED PROFIT FOR THE YEAR	8,016	4,464
PER SHARE DATA (KOBO)		
Earnings per share	25	3
Dividend per share	20	-
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Balance Sheet

At December 31, 2002

	2002	2001
	N'000	N'000
FIXED ASSETS	571,342	518,092
INVESTMENT	169,293	169,293
RESEARCH AND DEVELOPMENT	13,541	19,148
CURRENT ASSETS	754,176	706,533
Stocks	679,972	758,765
Debtors	311,625	255,332
Cash and bank balances	50,965	42,905
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CREDITORS:	1,042,562	1,057,002

Amount falling due within one year:	(699,969)	(717,191)
NET CURRENT ASSETS	342,593	339,811
TOTAL ASSETS LESS CURRENT LIABILITIES	1,096,769	1,046,344
PROVISIONS FOR LIABILITIES AND CHARGES:		
Provision for Gratuity	(8,661)	(7,670)
Deferred Taxation	(92,021)	(50,603)
NET ASSETS	983,607	988,071
CAPITAL AND RESERVES:		
Called-up Share Capital	76,893	76,893
Share Premium	377,339	377,339
Revaluation Reserve	256,850	256,850
General Reserve	285,005	276,989
	996,087	988,071

Cash Flow Statement

Year ended December 31, 2002

	2002	2001
	N'000	N'000
Cash flows from Operating activities:		
Cash receipt from customers	1,406,547	968,666
Payment to suppliers and employees	(1,021,396)	(880,728)
Income Tax Paid	(4,530)	(8,222)
Net Cash Flow From Operating Activities	380,621	79,716
Cash flows provided by Investing activities:		
Purchase of fixed assets	(133,796)	(52,422)
Proceeds from sale of fixed assets	3,347	23,048
Purchase of investment	-	(5,306)
Research and Development	-	(6,044)
Net Cash Flow From Investing Activities	(130,449)	(40,724)
Cash Flows from Financing Activities:		
Dividend paid	(420)	(6,459)
Loan received	7,002	-
Interest paid	(152,280)	(128,038)
Net Cash Used In Financing Activities	(145,698)	(134,497)
Net Increase in Cash and Cash Equivalents	104,474	(95,505)
Cash and cash equivalents at 1 January	(511,657)	(416,152)

Cash and cash equivalents at 31 December (407,183) (511,657)

Five-Year Financial Summary

Year ended December 31,

	2002	2001	2000	1999	1998
	N'000	N'000	N'000	N'000	N'000
Fixed assets	571,342	518,092	558,954	635,358	652,682
Investment	169,293	169,293	163,987	161,962	146,579
Research and Development	13,541	19,148	13,104	17,420	18,745
Net Current Assets	342,593	339,811	326,178	246,197	13,989
<i>Provision for Liabilities and Charges</i>					
Gratuity Provision	(8,661)	(7,670)	(78,616)	(90,279)	(80,196)
Deferred Taxation	(92,021)	(50,603)	-	-	-
	996,087	988,071	983,607	970,658	751,799
<i>Source of Capital</i>					
Called Up Share Capital	76,893	76,893	65,908	65,908	30,625
Reserves	919,194	911,178	917,699	904,750	721,174
	996,087	988,071	983,607	970,658	751,799
<i>Turnover, Profit and Loss</i>					
Turnover	1,439,659	977,168	1,032,409	1,156,861	972,311
Profit before Tax	95,090	39,336	29,406	17,374	4,855
Taxation	(56,317)	(34,872)	(8,548)	(8,593)	(10,438)
Dividend	(30,757)	-	(7,909)	-	-
Reserve For Bonus Issue	-	-	(10,985)	-	-
Retained Profit/(Loss) for the year	38,389	4,464	1,964	8,781	(5,583)
Earnings per share (kobo)	25	3	1	6	(4)
Net Assets per share (adjusted)	648	642	640	631	489

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