2012 ANNUAL REPORT & ACCOUNTS

NATIONAL SALT COMPANY OF NIG. PLC.

NASCON

RC 11364

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of NATIONAL SALT COMPANY OF NIGERIA PLC (NASCON) for the year 2012 will hold on Thursday, 6th June, 2013 at the Agip Recital Hall, Muson Centre, Onikan, Lagos at 12 noon to transact the following business:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31st December, 2012 together with the reports of the Directors, Auditors and Audit Committee thereon.
2. To declare a dividend.
3. To re-elect Directors.
4. To re-elect the Auditors.
5. To authorize the Directors to fix the remuneration of the Auditors.
6. To elect members of the Audit Committee.

PROXY

A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A proxy for an organization may vote on a show of hands and on a poll. For the appointment to be valid, a completed proxy form must be deposited at the registered office of the Company or with the Registrars — Meristem Registrars Limited, 213 Herbert Macaulay Road, Yaba, Lagos, not later than 48 hours before the time of the meeting.

DIVIDEND

The Board recommends for the approval of shareholders the payment of 90 kobo per ordinary share of 50 kobo each, out of the profits declared in the financial year ended 31st December, 2012 and which will be subject to withholding tax at the appropriate rate.

DIVIDEND WARRANTS

If approved, the dividend warrants will be posted on Wednesday, 12th June, 2013 to shareholders whose names appear in the Company Register of Members at the close of business on Tuesday, 28th May, 2013.

NOTES

1. **CLOSURE OF REGISTER AND TRANSFER BOOKS**

   NOTICE IS HEREBY GIVEN that the Register of Members and Transfer Books of the Company will be closed on Thursday, 30th May and Friday, 31st May, 2013.

2. **AUDIT COMMITTEE**

   In accordance with Section 359(5) of the Companies and Allied Matters Act 1990, a nomination (in writing) by any member or shareholder for appointment of the Audit Committee should reach the Company Secretary at least 21 days before the Annual General Meeting. The Audit Committee comprises two shareholders and three Directors.

BY ORDER OF THE BOARD

AA Samuel

A. A. SAMUEL
Company Secretary/Legal Adviser
adedayoa.samuel@dangote.com

Dated this 25th day of April, 2013.

National Salt Company of Nigeria Plc
c/o Dangote Industries Ltd.
1, Alfred Rewane Road
Falomo
Ikoyi, Lagos

Directors, Officers and Professional Advisers

DIRECTORS	Alhaji Aliko Dangote (GCON)	—	*Chairman*
	Alhaji Sani Dangote	—	*Director*
	Hajia Halima Aliko Dangote	—	*Director* (Appointed 2nd Nov. 2012)
	Mr. Ade Adeniji	—	*Managing Director*
	Mr. Suleiman Olarinde	—	*Director*
	Mr. Olakunle Alake	—	*Director*
	Mr. Knut Ulmvoen	—	*Director*
	Chief C. A. Atoki	—	*Director* (Resigned 1st Nov. 2012)
	Alhaji Abdu Dantata	—	*Director*
	Alhaji M. S. Ladan-Baki	—	*Director*

COMPANY SECRETARY
Adedayo A. Samuel

REGISTERED OFFICE
Salt City
Ijoko-Ota
Ogun State

REGISTRAR AND TRANSFER OFFICE
Meristem Registrars Ltd.
213, Herbert Macaulay Way
Adekunle, Yaba
Lagos
Tel: 01–8920491–2
01–2809250–3
E-mail: info@meristemregistrars.com

AUDITORS
Akintola Williams Deloitte
(Chartered Accountants)
235, Ikorodu Road
Ilupeju, Lagos

BANKERS
Ecobank Plc
Access Bank Plc
UBA Plc
Fidelity Bank Plc
Mainstreet Bank Ltd.
Sterling Bank Plc
Zenith Bank Plc
GTBank Plc

Result at a Glance

	2012 ₦'000	2011 ₦'000
PROFIT AND LOSS		
Revenue	13,414,185	10,306,944
Profit before taxation	4,036,338	3,138,599
Taxation	(1,270,030)	(934,904)
Profit after taxation transferred to revenue reserve	2,766,308	2,203,695
Proposed final dividend	2,384,495	1,854,607
BALANCE SHEET		
Share capital	1,324,719	1,324,719
Shareholders' funds	6,577,581	5,664,556
Per 50 kobo share data (kobo)		
Earnings	104	83
Dividend	90	70

Chairman's Statement

Alhaji Aliko Dangote (GCON)
Chairman

Fellow Shareholders
Invited Guests
My Colleagues on the Board
Representatives of the SEC, NSE,CAC
Gentlemen of the Press
Distinguished Ladies and Gentlemen,

Welcome to the 2012 Annual General Meeting of our Company, National Salt Company of Nigeria Plc. I am happy to present to you the Annual Report and Financial Statements for the year ended 31 December, 2012. Before we review the year's numbers, allow me to provide you with a brief overview of the operating environment that influenced our performance in the year under review.

2012 PERFORMANCE

The global financial system continues to exhibit signs of deep stress with the experience of lesser or no growth than in prior years. This condition disrupted Nigeria's economy and adversely affected the Company's operations, financial condition and prospects.

We continued to face the usual challenges of the Nigerian business environment. Energy, in particular and other issues such as poor infrastructure, uncoordinated tax administration, amongst others, played a role in preventing the manufacturing sector in the country from reaching its full potential, and NASCON was no exception.

However, your Board and Management successfully overcame these difficulties and are therefore able to present the results below.

Ladies and Gentlemen, our Company posted a turnover of ₦13.4b, reflecting a percentage growth of 30% on the 2011 IFRS restated revenue of ₦10.3b. Operating profit before tax achieved was ₦4.0b, while our profit after tax was ₦2.8b, showing growth of 25% over 2011.

This performance is a reflection of the efforts by the Board, Management and Staff, in response to the difficulties experienced in the year thus leading to a stronger and more profitable business.

DIVIDEND

In line with our practice of rewarding our shareholders, the Board has recommended for your consideration and approval at this meeting, the payment of a dividend of ₦2.35 billion, representing 90 kobo for every 50 kobo ordinary share held.

2013 PROSPECTS

I am happy to say that our prospects for 2013 remain excellent and we wish to assure you that our commitment to maintaining our leadership in the Salt Industry remains the same, regardless of increasing competition within the sub-sector.

We continue to be committed to improving our upward trend, and we will ensure your Company continues to grow and remain competitive so as to deliver increasing dividends to all stakeholders. To this end, your Board and Management are working on starting our seasoning business, Vegetable Oil Refinery and Tomato packing operations, which will certainly commence before this year runs out. This is in line with our vision of becoming a frontline foods business in Nigeria.

THE BOARD

Since the last Annual General Meeting the following changes had occurred in your Board composition: Chief C. Atoki resigned while Hajia Halima Aliko Dangote was appointed.

However, the Directors retiring by rotation will offer themselves for re-election during the course of this meeting.

OUR STAFF

Our members of staff remain the key to the successful implementation and realisation of our goals and objectives. Their hard work and dedication have seen us through what was certainly a challenging year and we extended worthy incentives to them in appreciation of their good work.

CONCLUSION

Ladies and Gentlemen, with the continued commitment of our Board, Management and Staff, the Company can only move to greater heights. On your behalf, I thank my colleagues on the Board, the Management and Staff for their unwavering support and exemplary work. We also wish to commend our customers for their continued patronage and you, our shareholders and other stakeholders for the confidence you have reposed in us.

I continue to trust on your continued cooperation and support, as NASCON works to deliver our goals and objectives for the new business year.

Thank you for listening.

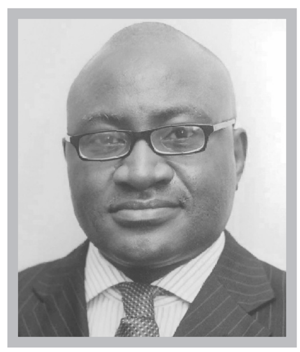
Alhaji Aliko Dangote (GCON)
Chairman

BOARD OF DIRECTORS

Alhaji Aliko Dangote *(GCON)*
Chairman

Mr. Ade Adeniji
MD/CEO

Hajia Halima A. Dangote
Director

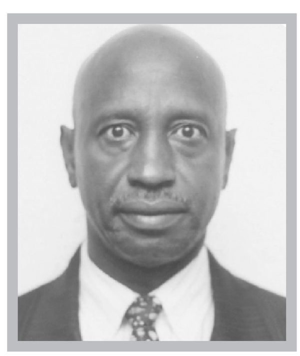


Mr. Suleiman Olarinde
Director

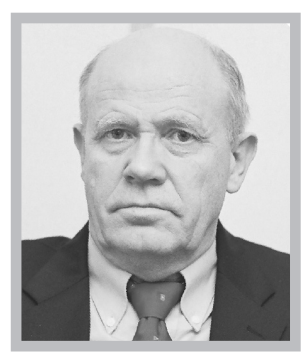
Mr. Olakunle Alake
Director

Alhaji Abdu Dantata
Director

Alhaji Sani Dangote
Director



Alhaji M.S. Ladan-Baki
Director



Mr. Knut Ulmvoen
Director

Report of the Directors

For the year ended 31 December 2012

1. **FINANCIAL STATEMENTS**

   The Directors are pleased to submit their report together with the audited financial statements of the Company for the year ended 31st December, 2012.

2. **RESULT**

	₦'000
The Company's profit for the year after taxation was	2,766,308
Proposed final dividend for 2012	2,384,495

3. **PRINCIPAL ACTIVITIES**

   The principal activities of the Company during the year include processing of raw salt into refined, edible and industrial salt.

4. **LEGAL FORM**

   The Company was incorporated on the 30th April, 1973 as a public limited liability company. The shares are currently quoted on the Stock Exchange.

5. **DIRECTORS AND DIRECTORS' INTERESTS**

   1. The names of Directors who are currently in office are as follows:

      (a) Alhaji Aliko Dangote (GCON)
      (b) Alhaji Sani Dangote
      (c) Hajia Halima Aliko Dangote
      (d) Mr. Olakunle Alake
      (e) Mr. Knut Ulmvoen
      (f) Mr. Suleiman Olarinde
      (g) Alhaji Sada Ladan-Baki
      (h) Alhaji Abdu Dantata
      (i) Mr. Ade Adeniji *(Managing)*

   2. In accordance with the provisions of Section 259 of the Companies and Allied Matters Act, 1990, one-third of the Directors of the Company shall retire from office since their last election. In accordance with the provision of this section, Mr. Olakunle Alake, Alhaji Abdu Dantata and Alhaji Sani Dangote are retiring by rotation and being eligible, offer themselves for re-election. Hajia Halima Aliko Dangote who was appointed by the Board during the year retires and being eligible offers herself for re-election in accordance with Article 111 of the Company's Articles of Association.

   3. No Director has a service contract not determinable within five years.

   4. The Directors' interests in the issued share capital of the Company as recorded in the register of members and/or as notified by them for the purpose of Section 275 of the Companies and Allied Matters Act, C20 Laws of the Federal Republic of Nigeria 2004, are as follows:

DIRECTORS' SHAREHOLDING

			Number of 50k Shares held		
			As at 25 April, 2013	**As at 31 Dec., 2012**	**As at 31 Dec., 2011**
(a)	Alhaji Aliko Dangote (GCON)	—	74,004,503	74,004,503	74,004,503
(b)	Alhaji Sani Dangote	—	36,042,062	42,062	42,062
(c)	Mr. Olakunle Alake	—	4,170,000	4,170,000	4,170,000
(d)	Hajia Halima Aliko Dangote	—	—	—	—
(e)	Mr. Knut Ulmvoen	—	—	—	—
(f)	Mr. Suleiman Olarinde	—	—	—	—
(g)	Alhaji Sada Ladan-Baki	—	1,758,673	1,758,673	279,288
(h)	Alhaji Abdu Dantata	—	12,000,000	12,000,000	12,000,000
(i)	Mr. Ade Adeniji *(Managing)*	—	—	—	—

SHARE CAPITAL HISTORY

AUTHORISED NOMINAL VALUE			ISSUED AND PAID-UP					
			Other than by Bonus		Bonus Current Issue		Total	
Year	No. of Shares ’000	Amount ₦’000	No. of Shares ’000	Amount ₦’000	No. of Shares ’000	Amount ₦’000	No. of Shares ’000	Amount ₦’000
1991	40,000	20,000					14,110	7,055
1992	40,000	20,000					14,110	7,055
1993	40,000	20,000					14,110	7,055
1994	40,000	20,000					14,110	7,055
1995	80,000	40,000					14,110	7,055
1996	80,000	40,000	65,847	32,923			79,957	39,978
1997	200,000	100,000					79,957	39,978
1998	200,000	100,000					79,957	39,978
1999	200,000	100,000					79,957	39,978
2000	200,000	100,000					79,957	39,978
2001	200,000	100,000					79,957	39,978
2002	200,000	100,000					79,957	39,978
2003	200,000	100,000					79,957	39,978
2004	200,000	100,000					79,957	39,978
2005	200,000	100,000					79,957	39,978
2006	4,000,000	2,000,000					79,957	39,978
2007	4,000,000	2,000,000	2,127,909	1,063,954			2,207,865	1,103,932
2008	4,000,000	2,000,000			441,573	220,787	2,649,439	1,324,719
2009	4,000,000	2,000,000					2,649,439	1,324,719
2010	4,000,000	2,000,000					2,649,439	1,324,719
2011	4,000,000	2,000,000					2,649,439	1,324,719
2012	4,000,000	2,000,000					2,649,439	1,324,719

6. DIRECTORS’ RESPONSIBILITIES

The Directors are responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the Company at the end of each financial year and of the profit or loss for that period, and comply with the provisions of the Companies and Allied Matters Act, C20 Laws of the Federation of Nigeria 2004.

In doing so, they ensure that:

— proper accounting records are maintained;

— applicable accounting statements are followed;

— suitable accounting policies are adopted and consistently applied in line with the International Financial Reporting Standards (IFRS) and relevant Financial Reporting Council (FRC) Act;

— judgments and estimates made are reasonable and prudent;

— the going concern basis is used, unless it is inappropriate to presume that the Company will continue in business;

— internal control procedures are instituted which as far as is reasonably possible, safeguard the assets and prevent and detect fraud and other irregularities.

7. CORPORATE GOVERNANCE

— The Company is committed to the best practice and procedures in corporate governance. Its business is conducted in a fair, honest and transparent manner which conforms to high ethical standards.

- Members of the Board of Directors hold quarterly meetings to decide on policy matters and direct the affairs of the Company, review its performance, its operations, finance and formulate growth strategy. Directors' meetings were well attended.
- In line with the provisions of Section 258(2) of the Companies and Allied Matters Act, Cap. C20 Laws of the Federation of Nigeria 2004, the record of Directors' attendance at Board Meetings is available for inspection at the Annual General Meeting.
- The remuneration of Executive Directors is fixed and reviewed by a committee of non-Executive Directors.
- The Board of Directors consists of 9 members; a Chairman, Managing Director and 7 non-Executive Directors.
- Appointment to the Board is made by shareholders at the Annual General Meeting.
- The Board, from time to time, routinely empowers committees to examine and deliberate on finance and establishment related issues.

8. SUBSTANTIAL INTEREST OF 5% AND ABOVE

The Registrar has advised that according to the Register of Members on 31st December 2012, only Dangote Industries Limited with 1,647,763,557 ordinary shares of 50k each held more than 5% of the issued share capital of the Company.

9. FIXED ASSETS

Movements in fixed assets during the year are shown in Note 14 to the Accounts. In the opinion of the Directors, the market value of the Company's properties is not less than the value shown in the Accounts.

10. DONATIONS AND CHARITABLE GIFTS

No donations were made by the Company in the year under review.

11. POST YEAR END EVENTS

There were no significant developments since the financial year end which could have had a material effect on the state of affairs of the Company as at 31st December, 2012 and the profit for the year ended on that date, which have not been adequately recognized.

12. COMPANY DISTRIBUTORS

The Company's products are distributed by customers across the country.

13. SUPPLIERS

The Company obtains its materials on an arm's length basis from overseas and local suppliers. Amongst its main overseas and local suppliers are Guisti of Brazil as well as Dangote Agrosacks Ltd.

14. ANALYSIS OF SHAREHOLDINGS

Analysis of shareholdings as at 31st December, 2012:

Range	No. of Holders	Per cent	Units	Per cent
1 — 1,000	19,849	57.93	8,008,152	0.30
1,001 — 5,000	6,529	19.06	16,334,590	0.62
5,001 — 10,000	2,443	7.13	17,410,585	0.66
10,001 — 50,000	3965	11.57	85,627,311	3.23
50,001 — 100,000	695	2.03	51,231,920	1.93
100,001 — 500,000	591	1.72	123,568,876	4.66
500,001 — 1,000,000	82	0.24	58,197,552	2.20
1,000,001 — 5,000,000	83	0.24	164,302,231	6.20
5,000,001 — 10,000,000	11	0.03	78,195,642	2.95
10,000,001 and above	13	0.04	2,046,561,519	77.25
Grand Total	**34,261**	**100.00**	**2,649,438,378**	**100.00**

Report of the Directors
For the year ended 31 December 2012

15. HUMAN RESOURCES

1. **Employment and Employees**

   The Company has reviewed its employment policy in line with the needs of business. Careful recruiting is now the focus to ensure that potential high performers are attracted and retained.

2. **Work Environment**

   The Company continuously strives to improve its operations to ensure a safe working environment. The Company maintains a high standard of hygiene in all its premises through sanitation practices and the regular fumigation exercises have been further strengthened by the installation of pest and rodent control gadgets. Safety and environment workshops have been organized for all employees with a broad focus on good house-keeping to ensure a good and safe working environment.

3. **Employee Development**

   Local and overseas training and development programmes have been organized to meet the needs of the Company's modernization and automation strategy implementation. The Company continues to place a premium on its human capital development arising from the fact that this would ensure improved efficiency of the business and maintain a strategic advantage over the competition.

16. AUDIT COMMITTEE

Pursuant to Section 359(3) of the Companies and Allied Matters Act, Cap C20 Laws of the Federation of Nigeria 2004, the Company has put in place an Audit Committee comprising two shareholders and two Directors as follows:

Mr. J. S. Ajibola	—	*Shareholder/Chairman*
Mr. Suleiman Olarinde	—	*Director/Member*
Mr. Metu Richard Anyanaso	—	*Shareholder/Member*
Alhaji Abdu Dantata	—	*Director/Member*

17. AUDITORS

Messrs Akintola Williams Deloitte (Chartered Accountants) have indicated their willingness to continue in office as the Company's Auditors in accordance with Section 357(2) of the Companies and Allied Matters Act, Cap C20 Laws of the Federation of Nigeria, 2004. A resolution will be proposed authorizing the Directors to fix their remuneration.

BY ORDER OF THE BOARD

A. A. Samuel
Company Secretary

DANGOTE GROUP
1, Alfred Rewane Road
Falomo
Ikoyi, Lagos
Nigeria.

25 April, 2013

Corporate Governance Report

National Salt Company of Nigeria Plc is committed to best practice and procedures in corporate governance. Overseen by the Board of Directors, corporate governance practices are constantly under review, in line with dynamics of the business environment.

The Corporate Governance policies adopted by the Board of Directors are designed to ensure that the Company's business is conducted in a fair, honest and transparent manner which conforms to high ethical standards.

The Board delegates the day-to-day running of the Company's affairs to the Managing Director/Chief Executive Officer supported in this task by an Executive Management Committee. The Board currently consists of nine (9) members, the Chairman, Managing Director and seven (7) non-Executive Directors.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

It is the responsibility of the Board of National Salt Company of Nigeria Plc to:

- Ensure that the Company's operations are conducted in a fair, honest and transparent manner that conforms to high ethical standards.
- Ensure integrity of the Company's financial and internal control policies.
- Ensure the accurate, adequate and timely rendition of statutory returns and financial reporting to the regulatory authorities (NSE, CAC, SEC) and shareholders.
- Ensure value creation for shareholders, employees and other stakeholders.
- Review and approve corporate policies, strategy, annual budget and business plan.
- Monitor implementation of policies and the strategic direction of the Company.
- Set performance objectives, monitor implementation and corporate performance.
- Review and approve all major capital expenditure of the Company.
- Ensure that the statutory rights of shareholders are protected at all times.

MEETING OF THE BOARD OF DIRECTORS

The Board of Directors holds quarterly meetings a year to consider important corporate events and actions such as approval of Corporate Strategy, Annual Corporate Plan, review of internal risk management and control systems review performance and direct the affairs of the Company, its operations, finance and formulate growth strategies. It may however, convene a meeting if the need arises.

RECORD OF DIRECTORS' MEETINGS

Attendance at Directors' meetings is impressive. In line with provisions of Section 258(2) of the Companies and Allied Matters Act, Cap C20 Laws of the Federation of Nigeria 2004, the record of Directors attendance at Board meetings is available for inspection at the Annual General Meeting.

Board Meetings for the Year 2012

No.	Name	26th March 2012	12th April 2012	26th April 2012	31st May 2012	7th August 2012	2nd Nov. 2012
1.	Alhaji Aliko Dangote (GCON)	✓	✓	✓	✓	✓	✓
2.	Alhaji Abdu Dantata	✓	✓	✓	✓	✓	✓
3.	Alhaji Sani Dangote	✓	✓	✓	✓	✓	✓
4.	Mr. Olakunle Alake	✓	✓	✓	✓	✓	✓
5.	Mr. Ade Adeniji	✓	✓	✓	✓	✓	✓
6.	Alhaji Sada Ladan-Baki	✓	✓	✓	✓	✓	✓
7.	Mr. Knut Ulvmoen	✓	✓	✓	✓	✓	✓
8.	Mr. S. Olarinde	—	✓	✓	✓	✓	✓
9.	Chief C. A. Atoki	×	×	×	×	×	Resigned
10.	Hajia Halima Aliko Dangote — appointed 2nd Nov. 2012						✓

Corporate Governance Report

SUBMISSION OF YEAR 2012 FINANCIAL STATEMENTS TO NIGERIAN STOCK EXCHANGE

The financial statements for the year ended 31 December, 2012 were submitted to the Nigerian Stock Exchange on the 30th April, 2013. There was no penalty due to the extension granted by the Nigerian Stock Exchange till 30th April, 2013.

SUB-COMMITTEES OF THE BOARD OF DIRECTORS

The Board delegated some of its responsibilities to standing committees that consists of Executive and non-Executive Directors. These are the Establishment & General Purpose and Finance Committees. The Committees report to the Board of Directors on their activities and decisions which are ratified by the full Board, at a meeting.

In compliance with the practices of good corporate governance, the Chairman of the Board is not a member of any of these committees.

The Finance Committee

The Committee is comprised of four (4) Directors, with an independent Director as Chairman. The Committee members are:

Mr. Olakunle Alake — *Chairman*
Alhaji Abdu Dantata — *Member*
Alhaji M. S. Ladan-Baki — *Member*
Mr. Ade Adeniji — *Member*

Finance Committee Meetings for the Year 2012

No.	Name	14th March 2012	12th April 2012	26th April 2012	6th August 2012	30th October 2012
1.	Mr. Olakunle Alake	✓	✓	✓	✓	✓
2.	Alhaji Abdu Dantata	✓	✓	✓	✓	✓
3.	Mr. Ade Adeniji	✓	✓	✓	✓	✓
4.	Alhaji Sada Ladan-Baki	✕	✓	✓	✕	✓

The Committee held five meetings in the year and is responsible for:

- Assessment and monitoring of all risks associated with the operations of the Company.
- Development and monitoring of the implementation of Internal Control System by Management.
- Assisting the Board in its responsibility relating to the oversight of the Company's financial credit and risk management policies and procedures.

The Establishment & General Purpose Committee

Chief C. A. Atoki — *Chairman*
Mr. Suleiman O. Olarinde — *Member*
Mr. Knut Ulvmoen — *Member*
Mr. Ade Adeniji — *Member*

Establishment Committee Meetings for the Year 2012

No.	Name	16th May 2012	9th August 2012	29th October 2012
1.	Mr. Knut Ulvmoen	✓	✓	✓
2.	Mr. Ade Adeniji	✓	✓	✓
3.	Mr. Suleiman Olarinde	✕	✓	✓
4.	Chief C. A. Atoki	—	—	Resigned

The Committee held three meetings in the year and is responsible for:

- Reviewing of the policy framework for employees' and remuneration issues.
- Making recommendation to the Board on all new Board appointments.

Apart from the Board Standing Committees, the Audit Committee also plays an important role in the Company.

The Audit Committee

The Audit Committee is made up of six (6) members, three representatives of Shareholders and three (3) members of the Board of Directors. Members of the Audit Committee are elected annually at General Meetings. The Committee in compliance to the requirement of corporate governance practice is chaired by a representative of the Shareholders.

Members of the Committee are:

Mr. J. S. Ajibola — *Chairman/Shareholder Representative*

Mr. Metu Richard Anyanaso — *Shareholder Representative*

Alhaji Abdu Dantata — *Director*

Mr. Suleiman O. Olarinde — *Director*

Audit Committee Meetings for the Year 2012

No.	Name	12th January 2012	13th April 2012	8th August 2012	8th October 2012
1.	Mr. J. S. Ajibola	✓	✓	✓	✓
2.	Mr. Richard Metu	✓	✓	✓	✓
3.	Alhaji Abdu Dantata	✓	×	×	×
4.	Mr. Suleiman Olarinde	✓	✓	✓	✓

The Committee met four times within the year and is responsible for:

- Ensuring the independence and objectivity of the Audit.
- Reviewing the adequacy and effectiveness of NASCON PLC's internal control policies prior to endorsement by the Board.
- Directing and supervising investigations into matters within its scope, such as evaluation of the effectiveness of NASCON PLC internal controls, business partner and client misconduct of interest.

In addition to the above stated responsibilities, the Committee carries out all such other functions as stipulated by the Companies and Allied Matters Act, Cap C20 Laws of the Federation of Nigeria.

Report of the Audit Committee

TO THE MEMBERS OF NATIONAL SALT COMPANY OF NIG. PLC

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, 1990, we have examined the Auditors' report for the year ended 31st December 2012. We have obtained all the information and explanations we required.

In our opinion, the Auditors' report is consistent with our review of the scope and planning of the Audit. We are also satisfied that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices. Having reviewed the Auditors' findings and recommendations on Management matters, we are satisfied with Management's response therein.

Mr. J. S. Ajibola
Chairman, Audit Committee

Dated this 26th day of April, 2013

Members of the Committee

Alhaji Suleiman Olarinde ------------------------------

Alhaji Abdu Dantata ------------------------------

Mr. Metu Richard Ayanaso ------------------------------

Statement of Directors' Responsibilities for the Preparation and Approval of the Financial Statements

For the year ended 31 December 2012

The Directors of National Salt Company of Nigeria are responsible for the preparation of the financial statements that present fairly the financial position of the Company as at 31 December 2012, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS"), Financial Reporting Council ("FRC") Act and Companies and Allied Matters Act ("CAMA").

In preparing the financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions and conditions on the Company's financial position and financial performance; and
- making an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Company;
- maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Company; and preventing and detecting fraud and other irregularities.

The financial statements of the Company for the year ended 31 December 2012 were approved by management on 25 April 2013.

Signed on behalf of Directors of the Company

Chief Executive Officer
FRC No: FRC/2013/ICAN/00000002245
25 April 2013

Chief Financial Officer
FRC No: FRC/2013/ICAN/00000002246
25 April 2013

Chairman
FRC No: FRC/2013/IODN/00000001766
25 April 2013

Deloitte.

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Report of the Independent Auditors

TO THE MEMBERS OF NATIONAL SALT COMPANY OF NIGERIA PLC

Report on the Financial Statements

We have audited the accompanying financial statements of National Salt Company of Nigeria Plc, which comprise the statements of financial position as at 31 December 2012, 31 December, 2011 and 1 January, 2011, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the years ended 31 December 2012 and 31 December, 2011, a summary of significant accounting policies and other explanatory notes as set out on pages 17 to 71.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies and Allied Matters Act, CAP C20, LFN 2004, the Financial Reporting Council of Nigeria Act, No. 6, 2011, the International Financial Reporting Standards and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of National Salt Company of Nigeria Plc, as at 31 December 2012, 31 December 2011 and 1 January, 2011 and the financial performance and cash flows for the year then ended 31 December 2012 and 31 December 2011 in accordance with the Companies and Allied Matters Act, CAP C20, LFN 2004, the Financial Reporting Council of Nigeria Act, No. 6, 2011 and the International Financial Reporting Standards.

Akintola Williams Deloitte

Chartered Accountants
Lagos, Nigeria
30 April 2013
FRC number: FRC/2013/ICAN/00000000871

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2012

	Note	31/12/12 ₦'000	31/12/11 ₦'000
Continuing operations			
Revenue	5	13,414,185	10,306,944
Cost of sales	6	(8,323,191)	(6,236,459)
Gross profit		5,090,994	4,070,485
Investment income	8	268,490	152,015
Other income	9	415	11,011
Distribution expenses		(245,012)	(131,378)
Administrative expenses	7	(1,070,602)	(950,365)
Finance cost	10	(7,947)	(13,169)
Profit before tax		4,036,338	3,138,599
Income tax expense	11	(1,270,030)	(934,904)
Profit for the year from continuing operations		**2,766,308**	**2,203,695**
Discontinued operation			
Loss from discontinued operations	12.1	—	(24,429)
Profit for the year		2,766,308	2,179,266
Other comprehensive income			
Actuarial gains (net of tax)	11.4	1,407	53,527
Total other comprehensive income for the year		**1,407**	**53,527**
Total comprehensive income for the year		**2,767,715**	**2,232,793**
Earnings per share			
Basic and diluted (kobo per share)	13	1.04	0.83

The notes on pages 22 to 69 and statements on pages 17 to 21 form an integral part of these financial statements.

Statement of Financial Position

As at 31 December 2012

	Note	31/12/12 ₦'000	31/12/11 ₦'000 (restated)	1/1/11 ₦'000 (restated)
Assets				
Non-current assets				
Property, plant and equipment	14	3,642,570	3,307,506	2,555,373
Other assets	15	23,888	28,483	32,402
Total non-current assets		**3,666,458**	**3,335,989**	**2,587,775**
Current assets				
Inventories	16	910,321	845,258	915,198
Trade and other receivables	17	2,005,736	1,750,081	1,615,008
Other assets	15	40,945	618,192	199,965
Cash and bank balances	18	4,066,082	3,497,422	2,191,846
Total current assets		**7,023,084**	**6,710,953**	**4,922,017**
Total assets		**10,689,542**	**10,046,942**	**7,509,792**
Equity and liabilities				
Capital and reserves				
Share capital	19	1,324,719	1,324,719	1,324,719
Share premium	20	434,037	434,037	434,037
Retained earnings	21	4,818,825	3,905,800	2,997,727
Total equity		**6,577,581**	**5,664,556**	**4,756,483**
Non-current liabilities				
Government grant	22	38,570	38,570	38,570
Retirement benefit obligation	24	516,267	430,155	480,893
Deferred tax liabilities	11.7	180,002	359,057	209,630
Total non-current liabilities		**734,839**	**827,782**	**729,093**
Current liabilities				
Bank overdraft	18	5,236	5,236	5,236
Trade and other payables	23	1,922,139	2,691,019	1,299,166
Current tax liabilities	11.6	1,449,747	858,349	719,814
Total current liabilities		**3,377,122**	**3,554,604**	**2,024,216**
Total liabilities		**4,111,961**	**4,382,386**	**2,753,309**
Total equity and liabilities		**10,689,542**	**10,046,942**	**7,509,792**

These financial statements were approved and authorised for issue by the Board of Directors on 25 April 2013 and were signed on its behalf by:

Chief Executive Officer
FRC No: FRC/2013/ICAN/00000002245

Chief Financial Officer
FRC No: FRC/2013/ICAN/00000002246

Chairman
FRC No: FRC/2013/IODN/00000001766

The notes on pages 22 to 69 and statements on pages 17 to 21 form an integral part of these financial statements.

Statement of Changes in Equity
For the year ended 31 December 2012

	Share capital ₦'000	Share premium ₦'000	Revaluation reserve ₦'000	Retained earnings ₦'000	Total equity ₦'000
Balance at 1 January 2011	1,324,719	434,037	149,450	3,046,928	4,955,134
Transfer to retained earnings upon transition	—	—	(149,450)	(49,201)	(198,651)
	1,324,719	434,037	—	2,997,727	4,756,483
Profit for the year	—	—	—	2,179,266	2,179,266
Other comprehensive income	—	—	—	53,527	53,527
Payment of dividends	—	—	—	(1,324,720)	(1,324,720)
Balance at 31 December 2011	**1,324,719**	**434,037**	**—**	**3,905,800**	**5,664,556**
Profit for the year	—	—	—	2,766,308	2,766,308
Other comprehensive income for the year (net of tax)	—	—	—	1,407	1,407
Total comprehensive income for the year	—	—	—	2,767,715	2,767,715
Other adjustment	—	—	—	(83)	(83)
Payment of dividends	—	—	—	(1,854,607)	(1,854,607)
Total	—	—	—	913,025	913,025
Balance at 31 December 2012	**1,324,719**	**434,037**	**—**	**4,818,825**	**6,577,581**

Statement of Cash Flows

For the year ended 31 December 2012

	Note	2012 ₦'000	2011 ₦'000
Cash flows from operating activities			
Cash receipts from customers		13,509,492	10,287,454
Cash paid to suppliers and employees		(9,452,397)	(5,982,035)
		4,057,095	4,305,419
Value added tax received		12,357	12,357
Tax paid		(829,433)	(672,131)
Net cash provided by operating activities	25	3,240,019	3,645,645
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,012,055)	(1,149,311)
Proceeds from sale of property, plant and equipment		—	958
Interest received		203,250	146,172
Net cash utilised in investing activities		(808,805)	(1,002,181)
Cash flows from financing activities			
Dividend paid		(1,854,607)	(1,324,720)
Interest paid		(7,947)	(13,169)
Net cash utilised in financing activities		(1,862,554)	(1,337,889)
Net increase in cash and cash equivalents		568,660	1,305,576
Cash and cash equivalents at the beginning 1 January		**3,497,422**	**2,191,846**
Cash and cash equivalents at 31 December		**4,066,082**	**3,497,422**
***Less:* Bank overdrafts**		**(5,236)**	**(5,236)**
		4,060,846	**3,492,186**

Effect of IFRS Adoption for the Statement of Cash Flows

For the year ended 31 December 2012

The statement of cash flows under IFRS includes investment in commercial papers and fixed deposits with maturity period of less than 3 months and bank overdraft as cash and cash equivalents. Analysis of this is shown below:

	1 Jan. ₦'000	31/12/11 ₦'000
Cash and cash equivalents consist of:		
Commercial papers with a maturity of less than three months	743,361	2,540,799
Cash and bank balances	1,448,485	956,623
	2,191,846	3,497,422
Less: Bank overdrafts	(5,236)	(5,236)
	2,186,610	**3,492,186**

Notes to the Financial Statements
For the year ended 31 December 2012

1. GENERAL INFORMATION

National Salt Company of Nigeria Plc was incorporated in Nigeria as a limited liability company on 30 April 1973. It was fully privatized in April, 1982 and became listed on the Nigerian Stock Exchange on 20 October, 1992. At a general meeting held on 29 September 2006, the shareholders approved the acquisition of the assets, liabilities and business undertakings of Dangote Salt Limited and the issue and allotment of additional NASCON PLC shares as the purchase consideration. The major shareholder of the Company is Dangote Industries Limited that owns about 62.19% of the issued share capital, while the remaining 37.81% is held by the Nigerian public.

The ultimate controlling party is Alhaji Aliko Dangote.

The registered address of the Company is located at 16 Ikosi Road, Oregun, Ojota Lagos.

1.1 The principal activity

The principal activity of the Company is the refining and sale of edible, refined, bulk and industrial salt. The Company's products are sold through distributors across the country.

1.2 Financial period

These financial statements cover the financial period from 1 January 2012 to 31 December 2012 with comparatives for the year ended 31 December 2011 and a statement of opening position as at 1 January 2011, the date of transition to IFRS.

1.3 Going concern status

The Company has consistently been making profits. The Directors believe that there is no intention or threat from any party to curtail significantly its line of business in the foreseeable future. Thus, these financial statements are prepared on a going concern basis.

1.4 Operating environment

Emerging markets such as Nigeria are subject to different risks than more developed markets, including economic, political, social, and legislative risks. As has happened in the past, actual or perceived financial problems or an increase in the perceived risks associated with investing in emerging economies could adversely affect the investment climate in Nigeria and the country's economy in general. The global financial system continues to exhibit signs of deep stress and many economies around the world are experiencing lesser or no growth than in prior years. These conditions could slow or disrupt Nigeria's economy, adversely affecting the Company's access to capital and cost of capital for the Company and more generally, its business, results of operation, financial condition and prospects.

Because Nigeria produces and exports large volumes of oil, Nigeria's economy is particularly sensitive to the price of oil on the world market which has fluctuated significantly during 2012 and 2011.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 New and revised IFRSs in issue but not yet effective

IFRS 9 Financial Instruments[3];
IFRS 11 Joint Arrangements[2];
IFRS 12 Disclosures of Interests in Other Entities[2];

IFRS 10 Consolidated Financial Statements[2]
IFRS 13 Fair Value Measurement[1];
Amendments to IFRS 7 Financial Instruments: Disclosures (see below)
IAS 27 (as revised in 2011) Separate Financial Statements[2];
IAS 28 (as revised in 2011) Investments in Associates and Joint Ventures[2];
Amendments to IAS 32 Financial Instruments: Presentation — "Offsetting Financial Assets and Financial Liabilities"[4];
Amendments to IFRSs — Annual Improvements to IFRSs 2009 – 2011 cycle except for the amendment to IAS 1 (see above)[1];
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine[1].

[1] Effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

[2] Each of the five standards becomes effective for annual periods beginning on or after 1 January 2013, with earlier application permitted if all the other standards in the 'package of five' are also early applied (except for IFRS 12 that can be applied earlier on its own).

[3] Effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

[4] Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments, issued in November 2009 and amended in October 2010, introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.

Key Requirements of IFRS 9

All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under IFRS 9 Financial Instruments, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 Financial Instruments requires that the amount of change in the fair value of the financial liability, that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39 Financial Instruments: Recognition and Measurement, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

The Company's management anticipates that IFRS 9 Financial Instruments in the future may have a significant impact on amounts reported in respect of the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 Financial Instruments until a detailed review has been completed.

Amendments to IFRS 7 Financial Instruments: Disclosures and IAS 32 Financial Instruments: Presentation — "Offsetting Financial Assets and Financial Liabilities and the related disclosures"

The amendments to IAS 32 Financial Instruments: Presentation clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of ‘currently has a legally enforceable right of set-off’ and ‘simultaneous realization and settlement’.

The amendments to IFRS 7 Financial Instruments: Disclosures require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements for financial instruments under an enforceable master netting agreement or similar arrangement).

The disclosures should be provided retrospectively for all comparative periods.

The Company’s management anticipates that the application of these amendments to IAS 32 and IFRS 7 may result in more disclosures being made with regards to offsetting financial assets and financial liabilities in the future.

IAS 19 Employee Benefits

The amendments to IAS 19 Employee Benefits change the accounting for defined benefit plans and termination benefits and a definition of short-term benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur and hence eliminate the ‘corridor approach’ permitted under the previous version of IAS 19: Employee Benefits and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 Employee Benefits are replaced with a ‘net-interest’ amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

The amendments to IAS 19 Employee Benefits require retrospective application. The Company’s management does not anticipate that the revision of IAS 19 Employee Benefits will have a significant effect on the Company’s consolidated and standalone financial statements.

Annual Improvements to IFRSs 2009 – 2011 Cycle issued in May 2012

The Annual Improvements to IFRSs 2009 – 2011 Cycle include a number of amendments to various IFRSs.

Amendments to IFRSs include:

Amendments to IAS 32 Financial Instruments: Presentation

The amendments to IAS 32 Financial Instruments: Presentation clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with IAS 12 Income Taxes.

Amendments to IAS 16 Property, Plant and Equipment

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

Amendments to IAS 34 Interim Financial Reporting

The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

The Company's management anticipates that the amendments to IAS 32 Financial Instruments: Presentation will have no effect on the Company's consolidated and standalone financial statements.

IFRS 10,11 & 12, IAS 27 & 28 (Revised in 2011)

In May 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011).

Key requirements of these five standards are described below:

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and SIC – 12 Consolidation — Special Purpose Entities. Under IFRS 10, there is only one basis for consolidation, that is, control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). These are the Company's first full IFRS Financial Statements and IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied. Disclosures outlining the adjustments necessary in the transition to IFRS are disclosed in Note 33, 34 and 35.

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below:

3.3 Functional and presentation currency

These financial statements are presented in Naira, which is the Company's functional currency. All financial information presented in Naira has been rounded to the nearest thousand.

3.4 Revenue recognition

Revenue is derived principally from the sale of goods and is measured at the fair value of the consideration received or receivable, after deducting discounts, volume rebates, value added tax and any estimated customer returns. Sales are stated at their invoiced amount which is net of value added taxes and discounts.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue from the sale of goods is recognised when goods are delivered (or collected, if sold under self-collection terms) and legal title is passed.

3.5 Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

3.6 Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Actuarial gains and losses are recognised immediately in the statement of other comprehensive income. Past service cost is recognised immediately in the profit and loss account to the extent that the benefits are already vested, and otherwise is amortised on a straight line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the statements of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of plan assets, (if any). Any asset resulting from this calculation is limited to unrecognized actuarial losses and past service costs, plus the present value of available refunds and reductions in future contributions to the plan.

3.7 **Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current income tax is the expected amount of income tax payable on the taxable profit for the year determined in accordance with the Companies Income Tax Act (CITA) using statutory tax rates at the reporting sheet date. Education tax is assessed at 2% of the assessable profits.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are recognised in other comprehensive income or directly in equity respectively. Where current tax and deferred tax arise from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.8 **Investment in associates**

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case, it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the company's share of the profit or loss and other comprehensive income of the associate. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associates.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment.

Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Company's investment in an associate. When applicable, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 impairment of assets as a single asset by comparing its recoverable amount (higher of the value in use and fair value less costs to sell) with the carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Upon disposal of an associate that results in the Company losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with IAS 39. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Company accounts for all amounts previously recognised in other income in relation to that associate on the assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets and liabilities, the Company reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustments) when it loses significant influence over the associate.

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company's financial statements only to the extent of the interest in the associates that are not related to the Company.

3.9 **Property, plant and equipment**

(i) ***Recognition and measurement***

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Fixed assets under construction are disclosed as capital work-in-progress. The cost of construction recognised includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in the statement of comprehensive income.

(ii) ***Subsequent costs***

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment which reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term in which case the assets are depreciated over the useful life.

The estimated useful lives for the current and comparative periods are as follows:

- Buildings — 50 years (2%)
- Plant and Machinery — 15 years (6.67%)
- Motor Vehicles — 4 years (25%)
- Computer Equipment — 3 years (33.3%)
- Tools and Equipment — 4 years (25%)
- Furniture and Equipment — 5 years (20%)

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

Capital work-in-progress is not depreciated. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

3.10 **Leases**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Where there are no agreed lease terms, rent payable is recognised as incurred.

3.11 **Intangible assets**

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Derecognition of intangible assets

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognized.

3.12 **Impairment of tangible and intangible assets excluding goodwill**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of engineering spares and consumable stock is determined on a weighted average basis. Cost of other stock (raw materials, packaging materials, work-in-progress and finished goods) is determined on the basis of standard costs adjusted for variances. Standard costs are periodically reviewed to approximate actual costs.

Goods-in-transit are valued at the invoice price. Cost of inventory includes purchase cost, conversion cost (materials, labour and overhead) and other costs incurred to bring inventory to its present location and condition. Finished goods, which include direct labour and factory overheads, are valued at standard cost adjusted at year-end on an actual cost basis.

Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on an average cost basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.14 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation (when the time value of money is material).

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.14.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

3.14.2 Environmental costs

Costs incurred that result in future economic benefits, such as extending useful lives, increasing capacity or safety, and those costs incurred to mitigate or prevent future environmental contamination are capitalized. When the Company's management determines that it is probable that a liability for environmental costs exists and that its resolution will result in an outflow of resources, an estimate of the future remediation cost is recorded as a provision without contingent insurance recoveries being offset (only virtually certain insurance recoveries are recognized as an asset on the statement of financial position). When we do not have a reliable reversal time schedule or when the effect of the passage of time is not significant, the provision is calculated based on undiscounted cash flows.

Environmental costs, which are not included above, are expensed as incurred.

3.15 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular purchases or sales of financial assets are recognised and derecognized on a trade date basis. Regular purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place. The Company's financial assets comprise loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables) are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered impaired when there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all categories of financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it is becoming probable that the owner will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with a default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

3.16 **Cash and cash equivalents**

Cash and cash equivalents consist of cash, highly liquid investments and cash equivalents which are not subject to significant changes in value and with an original maturity date of generally less than three months from the time of purchase.

3.17 **Financial liabilities and equity instruments issued by the Company**

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Incremental costs directly attributable to the issue of ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit and loss (FVTPL) or other liabilities.

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL. A financial liability is classified as held for trading if:

> It has been acquired principally for the purpose of repurchasing it in the near term or on initial recognition; it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit taking; or it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided on that basis; or it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the other gains and losses' line item.

Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly estimates future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate), a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when the Company's obligations are discharged, cancelled, or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid, and payable is recognised in profit or loss.

3.18 **Earnings per share**

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held, if any. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, if any, for the effects of all dilutive potential ordinary shares.

3.19 **Foreign currency transactions and translation**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Naira, which is the Company's functional and presentation currency.

3.19a **Foreign currency transactions and translation**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss and other comprehensive income.

Non-monetary assets and liabilities in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the transaction date and are not restated.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates prevailing at the dates the fair value was determined and are not restated.

3.20 **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3.21 **Government grants**

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit and loss in the period in which they become receivable.

The benefit of a government loan at a below market rate of interest is treated as a government grant, measured as the difference between proceeds and the fair value of the loan based on prevailing market interest rates.

3.22 **Segment information**

Information reported to the chief operating decision maker of the Company for the purposes of resource allocation and assessment of segment performance focuses on its sole product, refined salt.

Hence, no segment reporting has been provided in the financial statements as the Company is solely involved in the refining and sale of refined salt.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's significant accounting policies, described in Note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 **Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

4.2 **Useful life of property, plant and equipment**

The Company reviewed and revised the estimated useful lives of its property, plant and equipment on transition to IFRS on 1 January, 2011, and under IFRS, has reviewed them annually at each reporting date. Useful lives are estimated based on the engineer's report, as at each reporting date. Some of the factors considered include the current service potential of the assets, potential cost of repairs and maintenance.

There is a degree of subjective judgment in such estimation which has a resultant impact on profit and total comprehensive income for the year.

4.3 **Allowance for credit losses**

The Company periodically assesses its trade receivables for probability of credit losses. Management considers several factors including past credit record, current financial position and credibility of management, judgment is exercised in determining the allowances made for credit losses.

Provisions are made for receivables that have been outstanding for 365 days, in respect of which there is no firm commitment to pay by the customer.

Furthermore all balances are reviewed for evidence of impairment and provided against once recovery is doubtful. These assessments are subjective and involve a significant element of judgment by management on the ultimate recoverability of amounts receivable.

4.4 **First time adoption optional exemption of IFRS**

As previously noted, IFRS 1 requires retrospective application of all IFRS standards with certain optional exemptions and mandatory exceptions. The optional exemptions elected are described below:

Optional exemptions

(a) **Employee benefits**

IAS 19 provides the option of recognising all cumulative unamortized actuarial gains and losses in equity at the date of transition.

IAS 19, Employee Benefits, requires retrospective application for the recognition of actuarial gains and losses on employee benefits. IFRS 1 provides the option to recognise all deferred cumulative unamortised actuarial gains and losses on defined benefit pension plans and other benefits plans under Nigerian SAS in opening equity at the Transition Date and provide disclosures on a prospective basis. The Company has taken this option, resulting in the cumulative amount of actuarial losses on the defined benefit pension plans and other benefits plans being recognised in retained earnings at the Transition Date.

(b) **Leases**

IFRIC 4, Determining Whether an Arrangement Contains a Lease, requires an assessment of whether a contract or arrangement contains a lease. The assessment should be carried out at the inception of the contract or arrangement. First-time adopters must apply IFRIC 4, but can elect to make this assessment as of the date of transition based on the facts at that date, rather than at inception of the arrangement. The Company elected to take this exception and did not assess arrangements according to IFRIC 4 prior to Transition Date.

(c) **Fair value as deemed cost**

IFRS 1 provides option to elect to re-measure property, plant and equipment at fair value at the Transition Date and use that fair value as their deemed cost. The ‘fair value as deemed cost’ exemption may be applied on an asset-by-asset basis. This exemption may also be applied to investment property if an entity elects to use the cost model in IAS 40, Investment Property. We have decided to use fair value as deemed cost for certain property, plant and equipment.

Mandatory exceptions

(d) **Estimates**

Estimates made in accordance with IFRS at the Transition Date are consistent with estimates the Company previously made under Nigerian SAS.

(e) **Classification and measurement of financial assets**

The entity is required to assess whether a financial asset meets the conditions in IAS 39 on the basis of the facts and circumstances that exist at the date of transition to IFRS. The Company had assessed the classification of its financial assets in line with IAS 39.

(f) **Derecognition of financial assets and liabilities exception**

Financial assets and liabilities derecognized before 1 January 2011 are not re-recognized under IFRS.

(g) **Embedded derivative**

In line with the first time adoption of IFRS 1, the Company applied the exception to the retrospective application of IAS 39 to contracts (with possible embedded derivative conditions) which existed at the date of transition. The exception requires a consideration of such contracts at the later of the date the Company became a party to the contract and the date a reassessment is required.

All other mandatory exceptions in IFRS 1 were not applicable because there were no significant differences in management's application of Nigerian SAS in these areas.

5. REVENUE

The following is the analysis of the entity's revenue for the year from continuing operations (excluding investment income — see Note 8).

	2012 ₦'000	2011 ₦'000
Revenue from sale of edible/industrial salt	12,144,691	9,616,822
Freight income	1,269,494	690,122
	13,414,185	**10,306,944**

5.1 The amount represents revenue realised during the year on the sale of edible, refined, bulk and industrial salt. In the prior year, the importation of tomato paste was discontinued. Consequently, no subsequent report has been prepared. Management has put up measures and plans for the establishment of a tomato production plant in 2013. Consequently, no segment reporting has been prepared.

5.2 **Information about major customers**

These are leading blue chip companies in Nigeria, and they include manufacturers of confectioneries, seasonings, refined edible oil, processed leather, noodles, cement, and oil industries. They buy industrial salts of different grades and specifications.

5.3 The Company provides a freight services to customers by transporting refined salt purchased to their destination. Freight income represents revenue earned in respect of this during the year. The associated cost of running the freight services is rendered in cost of sales.

5.4 **Geographical information**

The Company's revenue from external customers by region of operations is listed below:

	31/12/2012	31/12/2011
East	2,012,128	1,248,666
West	4,024,256	3,593,018
North	7,377,801	5,465,260
	13,414,185	**10,306,944**

5.4.1 **Distributors**

The Company sells iodized salt directly to distributors who redistribute to small wholesalers, confectioners, supermarkets and retailers. Retail packs come in various sizes 250g, 500g and 1kg and are sold under the brand name DANGOTE REFINED SALT.

Sales to distributors account for 80% of the Company's sales.

5.4.2 The Company provides a delivery service to customers by transporting iodized salt to specified destinations. Freight income represents revenue earned from this activity during the year.

	2012 ₦'000	2011 ₦'000
6. COST OF SALES		
Direct material cost	4,296,126	3,427,180
Direct labour cost	520,374	543,702
Direct overhead	1,591,572	1,107,186
External haulage	1,215,284	582,791
Depreciation	374,538	358,897
Carriage	264,740	175,665
Loading	60,557	41,038
	8,323,191	**6,236,459**
7. ADMINISTRATIVE EXPENSES		
Directors' remuneration	43,083	31,138
Salaries and related staff costs	390,880	414,509
Management fee	283,190	227,278
Depreciation	33,919	35,310
Impairment loss	56,675	11,188
Utilities	158,639	147,382
AGM expenses	26,370	21,216
Audit fee	9,900	9,000
Legal and professional fees	37,536	21,822
Others	30,410	31,522
	1,070,602	**950,365**

		2012 ₦'000	2011 ₦'000
8.	**INVESTMENT INCOME**		
	Rental income:		
	Otta premises	65,240	5,843
	Interest income:		
	Bank deposits	489	171
	Fixed deposits	37,630	128,146
	Commercial paper	165,131	17,855
		268,490	**152,015**

8.1 Rental income relates to income earned from DIL Logistics with respect to warehouse services rendered to them. DIL Logistics uses the NASCON Otta warehouse in keeping custody of its trucks.

8.2 The interest income on bank deposits was earned at an average rate of 15% per annum.

		2012 ₦'000	2011 ₦'000
9.	**OTHER INCOME**		
	Sale of scrap	—	7,027
	Gain (loss) on disposal of asset	—	1,644
	Non-refundable deposit from suppliers	415	245
	Refund on tomato equipment	—	2,095
		415	**11,011**
10.	**FINANCE COST**		
	Bank charges	7,947	13,169
		7,947	**13,169**

11. TAXATION

	31 Dec 2012 ₦'000	31 Dec 2011 ₦'000
11.1 Income tax recognised in profit or loss		
Current tax		
Current tax expense	1,352,584	740,849
Education tax	97,163	69,817
	1,449,747	810,666
Deferred tax		
Deferred tax expense (write back)	(179,717)	124,238
(Decrease)/increase in deferred tax liability	(179,717)	124,238
Total income tax recognised in current year	**1,270,030**	**934,904**

The tax rates used in the above comparative figures are the corporate tax rate of 30% payable by corporate entities in Nigeria. Education tax at a rate of 2% is also payable.

11.2 The income tax expense for the year can be reconciled to the accounting profit as follows:

	2012 ₦'000	2011 ₦'000
Profit before tax from continuing operations	4,036,338	3,138,599
Income tax expense calculated at 30% (2011: 30%)	1,211,522	941,579
Education tax assessable at 2% of assessable profit	97,155	62,772
Effect of expenses that are not deductible in determining taxable profit	39,994	140,889
Effect of concessions (research and development and other allowances	(4,122)	—
Effect of profit on actuarial revaluation recognised in other comprehensive income	541	—
Others	—	(210,336)
Adjustments recognised in the current year in relation to the current tax of prior years	(73,978)	—
Income tax expense recognised in profit and loss (relating to continuing operations	1,270,030	934,904
11.3 Income tax recognised in other comprehensive income		
Current tax	—	—
Actuarial gains (see Note 11.4)	(662)	(25,189)
	662	**(25,189)**
11.4 Analysis of actuarial gain during the year		
Gross gain`	2,069	78,716
Deferred tax charge	(662)	(25,189)
	1,407	**53,527**

		2012 ₦'000	2011 ₦'000	2010 ₦'000
11.5	**Current tax assets and liabilities**			
	Income tax payable	1,449,747	858,349	719,814
		1,468,747	858,349	719,814

11.6 **Current tax liabilities in the statement of financial position**

	31 Dec 2012 ₦'000	31 Dec 2011 ₦'000	31 Dec 2010 ₦'000
Balance, beginning of the year	858,349	719,814	764,613
Charge for the year	1,449,747	810,666	658,826
Payment made during the year	(829,433)	(672,131)	(703,625)
Over provision in prior year	(28,916)	—	—
Balance, end of the year	**1,449,747**	**858,349**	**719,814**

		2012 ₦'000	31 Dec 2011 ₦'000	1 Jan 2011 ₦'000
11.7	**Deferred tax balance**			
	Deferred tax liabilities	180,002	359,057	209,630
		180,002	**359,057**	**209,630**
11.8.1	**Movement in deferred tax payable account**			
	Balance, beginning of the year	359,057	209,630	458,437
	Charge/(write-back) for the year	(179,055)	149,427	(248,807)
	Balance, end of year	**180,002**	**359,057**	**209,630**

Deferred tax as at 31 December 2012 was as a result of differences between the rates of depreciation adopted for accounting purposes and the rates of capital allowances granted for tax purposes.

The following are the major deferred tax liabilities and assets recognised by the Company and movements therein during the current and prior reporting period.

11.9 **Analysis of deferred tax is made up of**

31/12/2012	Opening balance ₦'000	Recognized in profit or loss ₦'000	Recognized in other comprehensive income ₦'000	Closing balance ₦'000
Deferred tax asset or liability in relation to:				
Property, plant and equipment	684,720	(101,587)	—	583,133
Allowance for doubtful debt	(232,598)	(17,002)	—	(249,600)
Provisions for employee benefit	(93,065)	(43,167)	(662)	(136,894)
Provision for obsolete spares	—	(16,637)	—	(16,637)
	359,057	**(178,393)**	**(662)**	**180,002**
31/12/2011				
Deferred tax asset or liability in relation to:				
Property, plant and equipment	518,107	166,614	—	684,720
Allowance for doubtful debt	(223,805)	(8,793)	—	(232,598)
Provisions for employee benefit	(84,673)	(33,580)	25,189	(93,065)
	209,629	**124,239**	**25,189**	**359,057**

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The balance above is the deferred tax balances (after offset) for financial reporting purposes.

	31 Dec 2012	31 Dec 2011
12. PROFIT FOR THE YEAR IS ARRIVED AT AFTER CHARGING		
Depreciation expense	548,127	394,207
Impairment loss recognised on trade receivables	44,469	9,000
Management fees	283,190	227,278
Directors' remuneration	43,083	31,138
Staff cost	262,556	328,768
Gratuity scheme — current service cost	90,337	57,203
Auditors' remuneration	9,900	9,000
Legal and professional fees	37,536	21,822
Provision for bad and doubtful debts	56,675	11,188

12.1 **Discontinued operations**

In 2011, the Company discontinued the importation of processed tomato paste which had been its supplementary product since 2007. This is in line with the long-term plan of the Company to commence the actual manufacturing of the same product in Nigeria. To this end, it has invested in the acquisition of equipment which is currently warehoused in its Otta location while the plant for the new business line is still under construction. The investment to date in the new business is recorded in the Company's capital work-in-progress.

Analysis of the loss for the year from discontinued operations

The result of the discontinued operations included in the comparative profit for the year is set out below:

Loss for the year from discontinued operations	**2012 ₦'000**	**2011 ₦'000**
Revenue	—	64,898
Expenses	—	(89,327)
Loss before tax	—	(24,429)
Loss for the year from discontinued operations (attributable to owners of the Company)	**—**	**(24,429)**

13. EARNINGS PER SHARE

	2012 ₦'000	**2011 ₦'000**
Profit for the year attributable to the owners of the Company	2,766,308	2,203,695
Earnings used in the calculation of basic earnings per share	2,766,308	2,203,695
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,649,438**	**2,649,438**
Basic and diluted earnings per share		
From continuing operations	**1.04**	**83**

14. PROPERTY, PLANT AND EQUIPMENT

	Building ₦'000	Plant and Machinery ₦'000	Tools and Equipment ₦'000	Motor Vehicles ₦'000	Computer Equipment ₦'000	Furniture and Fittings ₦'000	Capital Work-in-Progress ₦'000	Total ₦'000
COST								
Balance at 1 January 2011	385,193	1,821,224	20,474	780,037	24,776	39,557	419,130	3,490,391
Additions	14,576	26,056	1,474	865,057	6,992	9,639	225,518	1,149,312
Disposal	—	—	—	(2,000)	—	—	—	(2,000)
Transfer	6,970	25,705	—	—	—	—	(32,675)	—
Adjustments	—	—	—	—	—	—	(2,013)	(2,013)
Balance at 31 December 2011	406,739	1,872,985	21,948	1,643,094	31,768	49,196	609,960	4,635,690
Additions during the year	8,072	133,055	280	172,542	4,063	1,202	692,840	1,012,054
Adjustment	—	(153,136)	(10,535)	—	—	—	—	(163,671)
Balance at 31 December 2012	**414,811**	**1,852,904**	**11,693**	**1,815,636**	**35,831**	**50,398**	**1,302,800**	**5,484,073**
ACCUMULATED DEPRECIATION AND IMPAIRMENT								
Balance at 1 January 2011	68,120	452,961	17,781	345,566	21,060	29,532	—	935,020
Charge for the year	7,842	122,661	1,268	253,698	2,579	6,159	—	394,207
Eliminated on disposal	—	—	—	(1,042)	—	—	—	(1,042)
Balance at 1 January 2012	75,962	575,622	19,049	598,222	23,639	35,691	—	1,328,185
Adjustment	—	(153,136)	(10,535)	—	—	—	—	(163,671)
Impairment losses recognised in profit or loss	—	—	—	128,862	—	—	—	128,862
Depreciation expense	8,251	129,767	1,400	400,840	4,290	3,579	—	548,127
Balance at 31 December 2012	**84,213**	**552,253**	**9,914**	**1,127,924**	**27,929**	**39,270**	—	**1,841,503**
NET BOOK VALUE								
At 31 December 2012	**330,598**	**1,300,651**	**1,779**	**687,712**	**7,902**	**11,128**	**1,302,800**	**3,642,570**
At 31 December 2011	**330,777**	**1,297,363**	**2,899**	**1,044,872**	**8,129**	**13,505**	**609,961**	**3,307,506**
At 1 January 2011	**317,073**	**1,368,263**	**2,693**	**434,471**	**3,716**	**10,025**	**419,130**	**2,555,373**

14.1 **Capital work-in-progress**

Capital work-in-progress comprises of the construction of a seasoning factory, vegetable oil and tomato paste plants.

14.2 **Impairment losses recognised in the year**

Impairment losses represent an allowance for obsolete trucks with a net book value as at year end of ₦128 million (2011: Nil). The impairment has been charged to cost of sales.

14.3 **Assets written off**

Adjustment to fixed assets relates to a write off of assets taken over by the Company on acquisition of the old NASCON at Otta in 2006 which have subsequently been fully depreciated as at year end. The net book value of these assets as at 31st December 2012 is nil.

14.4 **Freehold land and buildings carried at revalued amounts**

Some properties located at Otta and Apapa/Calabar were professionally valued at ₦192.4 million by Messrs Dan Odiete & Co. (Estate Surveyors, Valuers and Real Estate Consultants) on 22nd November 1994 and ₦760.3 million by Alagbe & Partners (Estate Surveyors and Valuers) in July 2002 respectively on the basis of the open market capital value. The surplus of ₦149.5 million arising from the revaluation was credited to Revaluation Reserve Account but transferred to retained earnings on transition to IFRS.

14.5 **Assets pledged as security**

None of the Company's assets'were pledged as security for any liabilities as at December 2012 (2011: Nil).

14.6 **Capital commitments**

New tomato paste manufacturing plant

As at 31 December 2012, the Company's total capital commitments amounted to ₦1.302 billion in respect of the Company's new Tomato factory, Cube (seasonings), vegetable oil and other projects. Commitments in the current year amounted to ₦746.775 million (2011: ₦135.298 million; 2010: ₦406.818 million).

14.7 **Adjustment**

Amount represents an item capitalised in prior year as capital work-in-progress but was correctly expensed in 2011 as an overhead cost. This is because the expenditure did not meet the criteria for capitalisation as property, plant and equipment.

	Note	2012 ₦'000	2011 ₦'000	1 Jan. 2011 ₦'000
15. OTHER ASSETS				
Prepaid rent		45,823	32,427	43,789
Insurance		—	6,950	360
Deposit for import	15.1	—	591,073	115,239
Others	15.2	19,010	16,224	72,979
		64,833	**646,675**	**232,367**
Current		40,945	618,192	199,965
Non-current		23,888	28,483	32,402
		64,833	**646,675**	**232,367**

15.1 Amount relates to deposit for various spares and equipment for the project on seasoning tomato paste and vegetable oil.

15.2 Amount represents deposit for diesel used to power the Company's equipment.

	2012 ₦'000	2011 ₦'000	1 Jan. 2011 ₦'000
16. INVENTORIES			
Raw materials	687,822	650,602	633,134
Finished goods	85,369	3,655	131,379
Spare parts and consumables	63,190	76,024	150,685
Packaging materials	59,333	98,209	—
Oil and lubricants	14,607	16,768	—
	910,321	**845,258**	**915,198**

16.1 The cost of inventories recognised as an expense during the year in respect of continuing operations was ₦8.3 billion (31 Dec 2011: ₦6.2 billion).

16.2 **Write down of inventory**

The provision for obsolete spares during the year relates to spares for which the associated equipment has already been written off in previous years. The equipment is no longer in operation and the spares are specialised and have no significant alternative use.

	2012 ₦'000	2011 ₦'000	2010 ₦'000
Movement in stock of spares			
Cost	118,647	76,023	150,685
Allowance for obsolete spares	(55,457)	—	—
	63,190	**76,023**	**150,685**

16.3 No inventory was pledged as security for any liability.

	Note	2012 ₦'000	2011 ₦'000	1 Jan. 2011 ₦'000
17. TRADE AND OTHER RECEIVABLES				
Trade debtors		1,056,715	1,037,163	1,025,120
Allowance for bad and doubtful debts		(791,671)	(742,467)	(766,768)
		265,044	294,696	258,352
Staff loans and advances		86,273	92,683	46,540
Rebate receivable from suppliers	17.3	1,085,665	1,029,811	829,196
Advance to suppliers of services	17.5	46,722	60,856	57,546
Advance to transporters	17.4	188,552	—	54,097
Insurance claim receivable		15,623	15,623	5,465
VAT receivable		27,017	27,012	26,967
Related party receivables	22.2	306,462	229,400	336,845
		2,021,358	1,750,081	1,615,008
Allowance for doubtful insurance claim receivable		(15,622)	—	—
		2,005,736	**1,750,081**	**1,615,008**

17.1 Trade receivables disclosed above are carried at cost less allowance for doubtful debts.

17.2 The average credit period taken on sales of goods is 30 days. No interest is charged on outstanding trade receivables. It is the company's policy to recognise a 100% allowance on receivables that are due for over 365 days based on management's judgement that those receivables are unlikely to be recovered. Allowances for doubtful debts are recognised against trade receivables between 60 days and 365 days based on estimated irrecoverable amounts determined by reference to the past default experience of the counterparty and an analysis of their current financial position.

Credit sales are made subject to observation of all credit approval procedures.

17.3 Amount relates to net adjustment of estimated transaction amount and the actual invoice amount in respect of transactions involving the importation of raw salt by the Company's main supplier.

17.4 The Company provides haulage services to major customers in order to facilitate patronage. To achieve this, the Company utilises transport companies and to sustain commitment, sometimes pays in advance.

17.5 Amount relates to advance payment made to suppliers for provision of services for which benefit has not been received as at year end. Some vendors are being paid in advance.

17.6

Trade receivables	**2012**	**2011**	**1 Jan. 2011**
Average credit period	**30 Days**	**30 Days**	**30 Days**
Interest on receivables	**N/A**	**N/A**	**N/A**
Allowance for doubtful debts	**360 Days**	**360 Days**	**360 Days**
	₦'000	**₦'000**	**₦'000**
Age of receivables past due but not impaired			
Less than 90 days	44,015	84,155	107,299
91 – 180 days	110,653	50,463	151,053
181 – 300 days	51,614	14,858	—
300 days	585,389	145,220	—
	265,044	**294,696**	**258,352**
Movement in allowance for doubtful debts			
Balance at beginning of the year	742,467	766,767	603,046
Impairment losses recognised on receivables	108,100	29,311	248,354
Amounts recovered during the year	(58,896)	(53,611)	(84,632)
Balance at end of the year	**791,671**	**742,467**	**766,768**

In determining the recoverability of a trade receivable, the entity considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

Included in the allowance for doubtful debts are individually impaired trade receivables amounting to ₦791m (31 December 2011: ₦742m) which have been placed under liquidation. The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected liquidation proceeds. The entity does not hold any collateral over these balances.

	2012 **₦'000**	**2011** **₦'000**
Age of impaired trade receivables		
Less than 90 days	—	—
91 – 180 days	49,204	—
181 – 360 days	742,442	742,467
360 days	**791,646**	**742,467**

18. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and short-term deposits with 90 days tenure. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2012 ₦'000	2011 ₦'000	1 Jan. 2011 ₦'000
Cash in hand	1,921	4,771	—
Bank balance	967,825	701,853	1,448,485
Short-term deposits	3,096,336	2,790,798	743,361
	4,066,082	3,497,422	2,191,846
Bank overdrafts	(5,236)	(5,236)	(5,236)
	4,060,846	**3,492,186**	**2,186,610**

18.1 Short-term deposits comprise of commercial papers and term deposits as shown below:

	Rate	Amortised cost
Access bank fixed deposits	12%	50,000
Access bank fixed deposits	11%	150,000
Access bank fixed deposits	12%	50,000
Access bank fixed deposits	12%	50,000
Access bank fixed deposits	10%	40,000
Access bank fixed deposits	10%	30,000
Access bank fixed deposits	10%	100,000
		470,000
UBA fixed deposits	10%	60,000
UBA fixed deposits	12%	140,000
UBA fixed deposits	12%	100,000
UBA fixed deposits	10%	50,000
UBA fixed deposits	10%	60,000
UBA fixed deposits	12%	50,000
		460,000
Zenith bank fixed deposits	10%	80,000
Zenith bank fixed deposits	10%	30,000
Zenith bank fixed deposits	12%	200,000
		310,000
Oceanic bank fixed deposits	10%	72,247
Oceanic bank fixed deposits	11%	50,815
Oceanic bank fixed deposits	11%	40,325
Oceanic bank fixed deposits	10%	15,111
Oceanic bank fixed deposits	10%	10,000
		188,498
DIL Commercial papers	8%	1,667,838
		3,096,336

Commercial papers and fixed deposits have interest rates ranging from 8% to 12% respectively and less than 90 days maturity period.

The Company does not have restricted cash.

18.2 Bank overdraft relates to outstanding debts with some Nigerian defunct banks.

	Note	2012 ₦'000	2011 ₦'000	1 Jan. 2011 ₦'000
19. ISSUED CAPITAL				
Share capital		1,324,719	1,324,719	1,324,719
		1,324,719	**1,324,719**	**1,324,719**
Issued capital comprises:				
Authorised:				
4,000,000,000 ordinary shares of 50k each		**2,000,000**	**2,000,000**	**2,000,000**
Issued and fully paid:				
2,649,438,378 ordinary shares of 50k each		**1,324,719**	**1,324,719**	**1,324,719**
20. SHARE PREMIUM				
1995: Rights issue 65,846,667 ordinary shares of 50k each issued at ₦2.84 premium		156,793	156,793	156,793
2007: Share conversion		404,303	404,303	404,303
Less: Deferred charges written off		(127,059)	(127,059)	(127,059)
		434,037	**434,037**	**434,037**
21. RETAINED EARNINGS				
At 1 January		3,905,800	2,997,727	2,723,327
Dividend declared and paid		(1,854,607)	(1,324,720)	(1,324,720)
Profit for the year		2,767,715	2,232,793	1,648,321
Net change in defined benefit plan	21.2	—	—	(198,651)
Revaluation reserve		—	—	149,450
Adjustment	21.3	(83)	—	—
At 31 December		**4,818,825**	**3,905,800**	**2,997,727**

21.1 At the Annual General Meeting held on 31st May 2012, the shareholders approved that dividend of 70k be paid to shareholders (total value ₦1.854 billion) for the year ended 31 December 2011.

In respect of the current year, the Directors propose that a dividend of 90k per ordinary share be paid to shareholders. The dividend is subject to approval by shareholders at the Annual General Meeting and deduction of withholding tax at the appropriate rate. Consequently, it has not been included as a liability in these financial statements. The total estimated dividend to be paid is ₦2.385 billion.

21.2 The adjustment in prior year retained earnings relates to the actuarial valuation (following IFRS) on the defined benefit plan which gave rise to an additional provision of ₦198,651.

21.3 Adjustment relates to recognition of under provision for company income tax for 2011.

		2012 ₦'000	2011 ₦'000	1 Jan. 2011 ₦'000
21.4	**Dividend**			
	Summary			
	At 1 January	—	—	—
	Dividend declared	1,854,607	1,324,720	1,324,720
		1,854,607	1,324,720	1,324,720
	Payments — Meristem Registrars	(1,854,607)	(1,324,720)	(1,324,720)
	At 31 December	—	—	—

22. GOVERNMENT GRANT

	2012 ₦'000	2011 ₦'000	1 Jan. 2011 ₦'000
Unsecured borrowing at amortized cost			
Debenture	**38,570**	**38,570**	**38,570**

At the time of privatisation in 1992, the debt owed to the Federal Government of Nigeria, by the Company was restructured by the Bureau for Public Enterprise. The Board of Directors has taken steps to obtain a waiver of the loan from the Federal Government of Nigeria.

23. TRADE AND OTHER PAYABLES

	Note	2012 ₦'000	2011 ₦'000	1 Jan. 2011 ₦'000
Trade creditors		225,077	258,222	227,420
Other creditors and accruals		748,797	446,407	247,720
Value added tax		14,659	14,659	11,351
Customers deposit	23.2	630,727	1,514,376	388,602
Withholding tax payable		21,635	20,379	17,462
PAYE		108	3,814	—
Staff pension	23.3	—	10,842	24,297
Related party payables	27.2	281,136	422,320	382,314
		1,922,139	**2,691,019**	**1,299,166**

23.1 Trade creditors and accruals principally comprise amounts outstanding for trade purchases and on-going costs. The average credit period taken for trade purchases is 30 days. For most suppliers no interest is charged on the trade payables.

The directors consider that the carrying amount of trade payables approximates to the fair value.

		2012 ₦'000	2011 ₦'000	1 Jan. 2011 ₦'000
23.2	**Customers deposit**			
	New deposits	630,727	1,514,376	388,602
	At 31 December	**630,727**	**1,514,376**	**388,602**

Customers' deposits relates to amount deposited by customers for which delivery has not been made as at year end. Most of the customers often pay in advance for goods to be delivered to them.

23.3 **Staff pension**

	2012 ₦'000	2011 ₦'000	1 Jan. 2011 ₦'000
At 1 January	10,842	24,297	28,123
Contributions during the year	49,668	52,762	44,534
Remittance in the year	(60,510)	(66,217)	(48,360)
At 31 December	**—**	**10,842**	**24,297**

The only obligation of the Company with respect to the pension scheme is to make the specified contributions.

24. RETIREMENT BENEFIT OBLIGATION

24.1 Defined contribution plans

The Company operates a defined contribution retirement benefit plan for its non-permanent Nigerian employees. The assets of the plan are held separately from those of the Company and managed by Pension Fund Administrators. The scheme is funded in accordance with the Pension Reform Act of 2004 with the employee and employer contribution 7.5% of the employee's relevant emoluments.

The total expense recognised in profit or loss of ₦24.8 million (2011: ₦26.4 million) represents contributions payable to this plan by the Company as at 31st December 2012. No contribution (2011: ₦10.8m) due in respect of the 2012 reporting period had not been paid over to the plan. The amount was paid subsequent to the end of the reporting period.

24.2 Defined benefit plans

The Company operates a defined benefit plan for its permanent Nigerian staff, the benefits under which are related to employees' length of service and final remuneration. The basis of the computation is stated as below:

Less than 5 years	—	Nil
5 years but less than 10 years	—	110% of annual gross salary for each year served divided by 10
10 years but less than 15 years	—	120% of annual gross salary for each year served divided by 10
15 years and above	—	150% of annual gross salary for each year served divided by 10

The most recent actuarial valuations of the defined benefit obligation were carried out at 31 December 2012 by HR Nigeria Limited. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected Unit Credit Method.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Financial Assumptions

Demographic Assumptions

24.2.1 Financial Assumptions

The principal financial assumptions used for the purposes of the actuarial valuations were as follows:

	As at 2012 %	As at 2011 %
Long-term average discount rate (p.a.)	13	13
Average pay increase (p.a.)	12	12
Average rate of inflation (p.a.)	10	10

24.3 Demographic assumptions

Mortality in Service

The rates of mortality assumed for employees are the rates published in the A67/70 tables, published jointly by the institute and the Faculty of Actuaries in the UK.

Sample age	Number of deaths in a year of age out of 10,000 lives
25	7
30	7
35	9
40	14
45	26

Withdrawal from Service

Age band	Rate (%)
Less than or equal to 30	3.0
31 – 39	4.0
40 – 44	2.0
45 – 50	1.0
51 – 60	0.0

	2012 ₦'000	2011 ₦'000	2010 ₦'000
24.4 Movement in gratuity			
Balance as at 1 January	430,155	480,893	225,661
Current service cost	121,722	101,374	70,681
Actuarial (Gains)/Losses — Change in assumption	(2,069)	(78,716)	98,651
Benefits paid out	(33,541)	(73,396)	(14,100)
Balance as at 31 December	**516,267**	**430,155**	**480,893**

As at the date of the valuation, no fund has been set up from which payments can be disbursed. The Company expects to settle its obligations out of its existing cash flows.

24.5 Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:

	2012 ₦'000	2011 ₦'000	2010 ₦'000
Current service cost	121,722	101,374	269,332
Curtailment (Gains)	(2,069)	(78,716)	—
Net (Gain)/Charge	**119,653**	**22,658**	**269,332**

The expense for the year is included in the employee benefit expense in profit and loss for the year. Of the expense for the year, ₦121 million (2011: ₦101 million) has been included in profit and loss as an administration expense.

25. RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	2012 ₦'000	2011 ₦'000
Provided by operating activities		
Profit after tax	2,767,715	2,232,793
Adjustments to reconcile profit after tax to net cash provided		
Depreciation	548,127	394,207
Interest payable and similar charges	7,947	13,169
Interest receivable and similar income	(203,250)	(146,172)
Asset impaired	128,863	—
Adjustment to fixed assets	—	2,013
Changes in assets and liabilities		
(Increase)/decrease in inventories	(65,063)	69,941
(Increase) in trade and other receivables	(255,655)	(135,074)
Decrease/(increase) in other assets — short-term	577,247	(418,228)
Decrease in other assets — long-term	4,595	3,919
(Decrease)/increase in trade and other payables	(768,880)	1,391,853
Increase/(decrease) in retirement benefit obligation	86,112	(50,738)
(Decrease) / Increase in deferred tax	(179,055)	149,427
Increase in tax payable	591,316	138,535
Total adjustments	472,304	1,412,852
Net cash provided by operating activities	**3,240,019**	**3,645,645**

26. RISK MANAGEMENT

Risk management roles and responsibilities are assigned to stakeholders in the Company at three levels: The Board, Executive Committee and Line Managers.

The Board oversight is performed by the Board of Directors through the Finance and Establishment Committees.

The second level is performed by the Executive Management Committee (EXCOM)

The third level is performed by all line managers under EXCOM and their direct reports. They are required to comply with all risk policies and procedures and to manage risk exposures that arise from daily operations.

The Internal Audit Department provides an independent assurance of the risk framework. They assess compliance with established controls and recommendations for improvement in processes are escalated to the relevant management, Audit Committee and the Board of Directors.

The Company monitors and manages financial risks relating to its operations through an internal risk report which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

26.1 **Capital risk management**

The capital structure of the Company consists of debt, which includes the borrowings disclosed in cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in relevant notes in the financial statements.

The Company is not subject to any externally imposed capital requirements.

	2012 ₦'000	2011 ₦'000
26.1.1 **Gearing ratio**		
The gearing ratio at the year end is as follows:		
Bank overdraft	5,236	5,236
Equity	6,577,581	5,664,556
Net debt to equity (%)	**0.08**	**0.09**

Debt is defined as long- and short-term borrowings (bank overdraft inclusive), while equity includes all capital and reserves of the Company.

		31/12/2012	
	Loans and receivables ₦'000	**Non-financial assets ₦'000**	**Total ₦'000**
26.1.2 **Categories of financial instruments**			
Assets			
Trade and other receivables	1,770,462	235,274	2,005,736
Cash and cash equivalents	4,058,925	1,921	4,060,846
	5,829,387	**237,195**	**6,066,582**
Liabilities	**At amortised cost**	**Non-financial liability**	**Total**
Trade and other payables	1,173,342	748,797	1,922,139
Employee benefits	516,267	—	516,267
	1,689,609	**748,797**	**2,444,406**

	31/12/2011		
	Loans and receivables ₦'000	Non-financial assets ₦'000	Total ₦'000
Assets			
Trade and other receivables	1,689,225	60,856	1,750,081
Cash and cash equivalents	3,487,415	4,771	3,492,186
	5,176,640	**65,627**	**5,242,267**
Liabilities	**At amortised cost**	**Non-financial liability**	**Total**
Trade and other payables	2,244,612	446,407	2,691,019
Employee benefits	430,155	—	430,155
	2,674,767	**446,407**	**3,121,174**

	01/01/2011		
	Loans and receivables ₦'000	Non-financial assets ₦'000	Total ₦'000
Assets			
Trade and other receivables	1,503,365	111,643	1,615,008
Cash and cash equivalents	2,186,610	—	2,186,610
	3,689,975	**111,643**	**3,801,618**
Liabilities	**At amortised cost**	**Non-financial liability**	**Total**
Trade and other payables	1,051,446	247,720	1,299,166
Employee benefits	480,893	—	480,893
	1,532,339	**247,720**	**1,780,059**

26.1.3 Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in relevant notes to the financial statements.

26.2 Financial risk management objectives

The Company is exposed to market risk, credit risk and liquidity risks. The Parent Company's internal audit and risk management team is responsible for monitoring its exposure to each of the mentioned risks. This policy provides guidance over all treasury and finance-related matters and is underpinned by delegated authority guidelines and detailed procedures. The main objectives of the policy are to ensure that sufficient liquidity exists to meet the operational needs of the business, to maintain the integrity and liquidity of the investment portfolio, and to manage the impact of foreign exchange and interest rate volatility on the Company's net income.

26.3 **Interest rate risk management**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates is minimal as it does not have either floating or fixed interest bearing financial liabilities outstanding as the reporting date. Its cash and cash equivalents (fixed deposits) with financial institutions have fixed interest rates.

26.4 **Fair value of financial instruments**

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values:

	Book value		Fair value	
	2011 ₦'000	**2010 ₦'000**	**2011 ₦'000**	**2010 ₦'000**
Financial assets				
Trade and other receivables	1,689,225	1,503,365	—	—
Cash and cash equivalents	3,497,422	2,191,846	—	—
Financial liabilities				
Bank loans (Overdrafts)	5,236	5,236	—	—
Trade and other payables	2,691,019	1,299,166	—	—
Employee benefits	430,155	480,893	—	—
Government grant	38,570	38,570	—	—

The book value of the trade and other receivables is arrived at by factoring the allowance for doubtful debts on trade receivables and other receivables.

The carrying amount of bank overdrafts and loans is approximately equal to their fair value.

26.5 **Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate (bank guaranty, insurance bonds), as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available, and if not available, the Company uses other publicly available financial information, customers financial position, past trading relationship, its own trading records and other factors to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management team periodically.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. On-going credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased.

26.5.1 Trade receivables

Concentration of risk

About 23% of the trade receivables are due from a single customer whose credit history is good. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are otherwise diverse including both corporate entities and lots of individual end users. The requirement for impairment is analysed at each reporting date on an individual basis for corporate and individual customers.

26.5.2 Deposits with banks and other financial institutions

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with its corporate treasury policy that spells out counterparty limits, list of financial institutions that the Company deals with and the maximum tenure of fixed term funds. Surplus funds are spread amongst these institutions and funds must be within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Corporate Treasurer periodically and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through the potential counterparty's failure.

26.5.3 Maximum exposure to credit risks

The carrying value of the Company's financial assets represents its maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date was:

	31/12/2012 ₦'000	31/12/2011 ₦'000	1/1/2011 ₦'000
Trade receivables	265,044	294,696	258,352
Other receivables	1,505,418	1,394,529	1,245,013
Deposits with banks	4,064,161	3,492,651	2,191,846
Amount due from related party	306,462	229,400	336,845
	6,141,085	**5,411,276**	**4,032,056**

26.6 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Company's short- medium- and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

26.6.1 Liquidity and interest risk tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the balance sheet date. The contractual maturity is based on the earliest date on which the Company may be required to pay.

26.6.2 **Maturity analysis of financial instruments**

The maturity profile of the Company's recognized financial instruments is detailed below:

	31/12/2012		
	Total ₦'000	**0 – 3 months ₦'000**	**3 – 6 months ₦'000**
Financial assets			
Trade receivables (Note 17)	265,044	265,044	—
Other receivables	1,505,418	1,505,418	—
Cash and cash equivalents			
— Short-term deposits	3,096,336	3,096,336	—
— Others	969,746	969,746	—
	5,836,544	**5,836,544**	**—**
Financial liabilities			
Trade payables	225,077	225,077	—
Other payables	1,697,062	1,697,062	—
Overdrafts	5,236	5,236	—
Government grant	38,570	38,570	—
	1,965,945	**1,965,945**	**—**

26.6.3 **Liquidity risk management**

Maturity analysis (continued)

Financial assets			
Trade receivables	265,044	265,044	—
Other receivables	1,505,418	1,505,418	—
Cash and cash equivalents			
— Short-term deposits	3,096,336	3,096,336	—
— Others	969,746	969,746	—
	5,836,544	**5,836,544**	**—**
Financial liabilities			
Trade payables	225,077	225,077	—
Other payables	1,697,062	1,697,062	—
Overdrafts	5,236	5,236	—
Government grant	38,570	38,570	—
	1,965,945	**1,965,945**	**—**

26.6.4 **Liquidity risk management**

Maturity analysis (continued)

	31/12/2011 Total ₦'000	0 – 3 months ₦'000	3 – 6 months ₦'000
Financial assets			
Trade receivables	294,696	294,696	—
Other receivables	1,394,529	1,394,529	—
Cash and cash equivalents			
— Short-term deposits	2,790,798	2,790,798	—
— Others	706,624	706,624	—
	5,186,647	**5,186,647**	**—**
Financial liabilities			
Trade payables	258,222	258,222	—
Other payables	2,432,797	2,432,797	—
Overdrafts	5,236	5,236	—
Government grant	38,570	38,570	—
	2,734,825	**2,734,825**	**—**

26.6.5 **Liquidity risk management**

Maturity analysis (continued)

	1/1/2011 Total ₦'000	0 – 3 months ₦'000	3 – 6 months ₦'000
Financial assets			
Trade receivables	258,352	258,352	—
Other receivables	1,245,013	1,245,013	—
Cash and cash equivalents			
— Short-term deposits	743,361	743,361	—
— Others	1,448,485	1,448,485	—
	3,695,211	**3,695,211**	**—**
Financial liabilities			
Trade payables	227,420	227,420	—
Other payables	1,071,746	1,071,746	—
Overdrafts	5,236	5,236	—
Government grant	38,570	38,570	—
	1,342,972	**1,342,972**	**—**

26.6.6 **Fair value of financial instruments carried at amortised cost**

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

	Book value			Fair value		
	31/12/2012	**31/12/2011**	**1/1/2011**	**31/12/2012**	**31/12/2011**	**1/1/2011**
Financial asset						
Trade and other receivables	1,770,462	1,689,225	1,503,365	1,770,462	1,689,225	1,503,365
Cash and cash equivalents	4,064,161	3,492,651	2,191,846	4,064,161	3,492,651	2,191,846
Financial liabilities						
Trade and other payables	1,922,139	2,691,019	1,299,166	1,922,139	2,691,019	1,299,166
Employee benefits	516,267	430,155	480,893	516,267	430,155	480,893
Overdraft	5,236	5,236	5,236	5,236	5,236	5,236
Government grant	38,570	38,570	38,570	38,570	38,570	38,570

	31/12/2012		
	3 months to 1 year ₦'000	**1 – 5 years ₦'000**	**Total ₦'000**
Borrowings	—	38,570	38,570
	—	**38,570**	**38,570**
Borrowings	—	38,570	38,570
	—	**38,570**	**38,570**

27. RELATED PARTY TRANSACTIONS

27.1 Trading transactions

Related party transactions arose from intercompany sales and payments between the Company and some of its related parties. Bulk commodities, a Dubai based entity under common control with the Company, acts as an intermediary in the provision of freight and logistics.

	Sales of goods		Purchase of goods	
	Year ended 31/12/12 ₦'000	**Year ended 31/12/11 ₦'000**	**Year ended 31/12/12 ₦'000**	**Year ended 31/12/11 ₦'000**
Dangote Sugar Refinery	104,756	61,527	—	—
Dangote Logistics	67,863	—	—	—
DANCOM	—	—	—	39,137
Benue Cement	—	—	50,745	314,497
Dangote Noodles Limited	29,610	21,053	—	—
Dangote Agrosacks	—	—	446,489	364,704
	202,229	**182,580**	**497,234**	**718,338**

27.2 The following balances were outstanding at the end of the reporting period:

	Amounts owed by related parties		Amounts owed to related parties	
	31/12/12 ₦'000	31/12/11 ₦'000	31/12/12 ₦'000	31/12/11 ₦'000
Dangote Industries Limited	169,865	179,178	54,398	111,727
Obajana Cement	—	—	24,194	7,803
Dangote Cement	16,613	—	—	232,100
Dangote Sugar Refinery	25,997	28,467	7,866	78
Dangote Flour Mills Plc	—	7,471	—	—
Dangote Pasta Limited	6,939	6,295	—	—
Dansa Foods	—	2,546	—	—
Dangote Noodles Limited	8,352	5,434	—	—
Dangote Transport	9,837	—	22,962	22,962
Dangote Logistics	67,863	—	—	—
Dangote Foundation	996	—	—	—
Benue Cement	—	—	90,022	—
DANCOM	—	—	25,902	—
Dangote Agrosacks	—	9	55,792	47,650
	306,462	**229,400**	**281,136**	**422,320**

	2012 ₦'000	2011 ₦'000	1 Jan. 2011 ₦'000
27.3 **Intercompany receivables**			
Parent and ultimate controlling party			
Dangote Industries Limited (Parent)	169,865	179,178	200,343
	169,865	179,178	200,343
Other related party receivables			
Dangote Pasta Limited	6,938	6,295	45
Dangote Sugar Refinery	25,997	28,467	123,763
DIL Flour Mills, Apapa	7,471	7,471	6,900
Dangote Noodles Limited	8,353	5,434	3,196
Dansa Foods Limited	—	2,546	2,546
Dangote Cement	16,613	—	—
Agrosack Ltd	—	9	52
Dangote Transport	9,837	—	—
Dangote Logistics	67,863	—	—
Dangote Foundation	996	—	—
Provision for doubtful related party receivables	(7,471)	—	—
	136,595	50,222	136,502
	306,462	**229,400**	**336,845**

27.4 **Identity of related parties**

Related parties	**Nature of related party transactions**
Dangote Transport Limited	Fellow subsidiary company that provides haulage services
Dangote Sugar Refinery Plc	Fellow subsidiary company that buys crude salt
Dansa Foods Limited	An entity controlled by a key management personnel of the Company that has a trading relationship with the Company
Dangote Flour Mills Plc	Fellow subsidiary — Supplier of power
Dangote Pasta Limited	Fellow subsidiary — Exchange of AGO LPFO
Dangote Industries Limited	Parent company that provides management support and receives 2% (see Note 7) of turnover as management fees
Dangote Noodles Limited	Fellow subsidiary — Supplier of power
Dangote Agrosacks	Fellow subsidiary — Supplies empty sacks for bagging salt
Greenview Development Company Limited	Fellow subsidiary — Property rentals
Benue Cement	Fellow subsidiary — Truck ownership scheme
DANCOM	Fellow subsidiary — Provider of IT services
Dangote Cement Plc	Fellow subsidiary — Exchange of diesel
Obajana Cement	Fellow subsidiary — Exchange of diesel, spares and LPFO
Dangote Logistics	Fellow subsidiary — Uses NASCON (Otta) warehouse for truck custody

The remuneration of Directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

28. RELATED PARTY INFORMATION

28.1 **Loans to and from related parties**

There are no loans from or to related parties

28.2 **Key management personnel**

List of Directors of NASCON Plc

1. Alhaji Aliko Dangote (GCON) — *Chairman*
2. Mr. Ade Adeniji — *Managing Director*
3. Alhaji Sani Dangote — *Board Member*
4. Mr. Olakunle Alake — ”
5. Mr. Knut Ulvmoen — ”
6. Hajia Halima Aliko Dangote — ”
7. Alhaji M. S. Ladan-Baki — ”
8. Alhaji Abdu Dantata — ”
9. Mr. Suleiman Olarinde — ”

List of key management staff

1. Mr. Ade Adeniji — *Managing Director /CEO*
2. Mr. Nura Shuaibu — *Supply Chain Manager*
3. Alhaji Sanusi Ibrahim — *General Manager, Logistics and Distribution*
4. Mrs. Owoeye Modupe F. A. — *Chief Finance Officer*
5. Mr. Gbenga Suberu — *Head, Sales and Marketing*
6. Mr. Shittu Adebowale — *Head, Human Resource/Admin.*

28.3 **Directors and key management personnel**

The remuneration of Directors and other members of key management personnel during the year comprised short-term benefits of ₦72 million (2011: ₦62 million).

Information regarding Directors and Employees

	Dec. 2012 ₦'000	Dec. 2011 ₦'000
28.4 Directors		
Directors' emoluments comprise:		
Fees	410	400
Salaries	24,783	23,954
Others	17,900	6,784
	43,093	**31,138**
Emoluments of the highest paid Director were	**24,783**	**23,954**

The numbers of Directors excluding the Chairman with gross emoluments within the bands stated below were:

₦'000	Dec. 2012 Number	Dec. 2011 Number
0 — 5,000	—	—
20,000 — 25,000	1	1
26,000 — 31,000	—	—
38,000 — 43,000	—	—
	1	**1**

	Dec. 2012	Dec. 2011
28.5 Employees		
Average number of persons employed during the year:		
Management	18	29
Senior staff	75	63
Junior staff	390	434
	483	**526**
Aggregate payroll costs	**₦'000**	**₦'000**
Wages, salaries, allowances and other benefits	795,899	931,750
Provision for gratuities	119,653	22,658
Pension cost	25,736	27,595
	941,288	**982,003**

29. CAPITAL COMMITMENTS

New Tomato Paste Manufacturing Plant

As at 31 December 2012, the Company's total capital commitments amounted to ₦1.288 billion in respect of the Company's new Tomato factory, Cube (seasonings), vegetable oil and other projects. Commitments in the current year amounted to ₦746.775 million (2011: ₦135.298 million; 2010: ₦406.818 million).

30. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The Company is currently subject to a litigation case. Based on the Company's solicitor's advice, the Directors assess that there is no possible liability arising out of the case.

31. EVENT AFTER THE REPORTING PERIOD

31.1 **Proposed dividends**

At the Annual General Meeting held in June 2012, the shareholders approved a dividend of 70k be paid to shareholders (total value ₦1.854 billion) for the year ended 31 December 2011.

In respect of the current year, the Board of Directors during a meeting held on 25 April 2013, proposed that a dividend of 90k per ordinary share be paid to shareholders. The dividend is subject to approval by shareholders at the Annual General Meeting and deduction of withholding tax at the appropriate rate. Consequently, it has not been included as a liability in these financial statements. The total estimated dividend to be paid is ₦2.385 billion.

32. APPROVAL OF FINANCIAL STATEMENTS

The Board approved the financial statements during its meeting of 25 April 2013.

33. EFFECTS OF TRANSITION TO IFRS ON THE STATEMENT OF FINANCIAL POSITION

	Note 35	NGAAP 31 Dec 2011 ₦'000	Adjustments and Reclassifications ₦'000	IFRS 31 Dec 2011 ₦'000	NGAAP 1 Jan. 2011 ₦'000
ASSETS					
Property, plant and equipment		3,307,506	—	3,307,506	2,555,373
Long-term receivables	*a*	—	28,483	28,483	—
Non-current assets		3,307,506	28,483	3,335,989	2,555,373
Inventories		845,258	—	845,258	915,198
Trade and other receivables	*b,c*	—	1,750,081	1,750,081	—
Trade debtors	*b*	325,717	(325,717)	—	673,335
Other debtors and prepayments	*b*	1,872,428	(1,872,428)	—	1,252,178
Prepayments	*b*	—	618,192	618,192	—
Intercompany receivables	*b*	198,378	(198,378)	—	279,912
Short-term investments	*g*	2,540,799	(2,540,799)	—	743,361
Cash and cash equivalents	*g*	956,623	2,540,799	3,497,422	1,448,485
Current assets		6,739,203	(28,250)	6,710,953	5,312,469
Total assets		**10,046,709**	**233**	**10,046,942**	**7,867,842**
EQUITY					
Share capital		1,324,719	—	1,324,719	1,324,719
Share premium		434,037	—	434,037	434,037
Revaluation reserve	*d*	149,450	(149,450)	—	149,450
Retained earnings	*d,e*	3,876,286	(120,317)	3,905,800	3,046,928
Equity attributable to owners of the Company		5,784,492	(269,767)	5,664,556	4,955,134
Total equity		5,784,492	(269,767)	5,664,556	4,955,134
LIABILITIES					
Loans and borrowings		38,570	—	38,570	38,570
Employee benefits	*e*	310,220	119,935	430,155	282,242
Deferred tax liabilities		359,057	—	359,057	209,630
Total non-current liabilities		707,847	119,935	827,782	530,442
Bank overdraft		5,236	—	5,236	5,236
Current tax liabilities		858,349	—	858,349	719,814
Trade and other payables	*f*	—	2,691,019	2,691,019	—
Trade creditors	*f*	332,650	(332,650)	—	615,249
Other payables	*f*	2,006,427	(2,006,427)	—	689,432
Intercompany payables	*f*	351,708	(351,708)	—	352,533
Current liabilities		3,554,370	234	3,554,604	2,382,264
Total liabilities		4,262,217	120,169	4,382,386	2,912,706
Total equity and liabilities		**10,046,709**	**233**	**10,046,942**	**7,867,840**

		Note	31 Dec 2011 ₦'000	1 Jan 2011 ₦'000
34.	*(a)* **Reconciliation of equity**			
	Total equity under previous GAAP		5,784,492	4,955,134
	Adjustment for actuarial valuation		(119,936)	(198,651)
	Total adjustment to equity		5,664,556	4,756,483
	Total equity under IFRS		**5,664,556**	**4,756,483**

(b) **Effect of IFRS adoption for the profit and loss and other comprehensive income for the year ended 31 December 2011**

		Note 35	NGAAP 31 Dec. 2011 ₦'000	Adjustments ₦'000	IFRS 31 Dec. 2011 ₦'000
Turnover	Revenue		9,681,720	—	9,681,720
	Freight income	*i*	—	690,122	690,122
Cost of sales	Cost of sales	*i*	(5,635,664)	(690,122)	(6,326,459)
Gross profit	Gross profit		4,046,056	—	4,070,485
Interest receivable and similar income	Investment income		163,026	—	163,026
Distribution expenses	Distribution expenses		(131,378)	—	(131,378)
Administrative expenses	Administrative expenses		(950,365)	78,716	(871,649)
Interest payable and similar charges	Finance cost		(13,170)	—	(13,170)
Profit before taxation	Profit before tax		3,114,170	78,716	3,138,599
Taxation	Income tax expense		(960,093)	—	(934,904)
Profit after taxation	Profit for the year		2,154,077	78,716	2,203,695
Per share data					
Earnings per share (kobo) — basic			0.81	—	0.83

The reported profit under Nigerian GAAP is not different from reported profit under IFRS. No statement of comprehensive income is presented both under Nigerian GAAP and under IFRS.

There was no change in the statement of cash flow reported under Nigerian GAAP and IFRS.

35. NOTES TO IFRS 1 RECONCILIATIONS

(a) Other assets

Under Nigerian GAAP, prepayments that do not qualify as a current assets were included in current assets. In line with IAS 1, prepayments of 31/12/2011: ₦28.4 million (1/1/2011: ₦32.4 million) have been reclassified to non-current assets.

(b) Trade and other receivables

Under Nigerian GAAP, trade debtors and other debtors and prepayments are line items on the statement of financial position. Under IFRS, in line with IAS 1.55 trade debtors (less allowance for doubtful debts) of ₦325.7 million (1/1/2011: ₦673.3 million) has been reclassified as trade receivables. Other debtors and prepayments ₦1,872 billion (1/1/2011: ₦1.252 billion) was reclassified as other receivables while intercompany receivables of ₦198.378 million (1/1/2011: ₦279.912 million) was reclassified as intercompany receivables from trade debtors. However, other receivables balance was reduced by the reclassification of prepayments ₦618 million (1/1/2011: ₦199.965 million) to other assets.

Under previous GAAP, the Company recognised trade debtors, other debtors and prepayment separately in the accounts. Under IFRS, the company had separated prepayment from other debtors and recognised them separately, while other debtors were merged with trade and other receivables.

(c) Prepayments

Under the previous GAAP, the Company recognised prepayments as a current asset regardless of duration. IFRS defines current assets as assets that are sold or consumed or realised as part of the normal operating cycle, which is usually 12 months. Therefore, the Company had reclassified its prepayments into current and non-current assets.

(d) Retained earnings

Retained earnings as at 1/1/2011 is credited with a revaluation reserve of ₦149 million while retained earnings as at 1/1/2012 is debited with the additional provision for employee benefits of ₦120 million. Under Nigerian GAAP, the revaluation reserve is stated as a line item on the statement of financial position. Under IFRS, the revaluation reserve under previous GAAP has been taken to reserves on transition.

(e) Employee benefits

Under Nigerian GAAP, provision for defined benefit retirement benefit obligation was not based on actuarial computations. Under IFRS, determining the retirement benefit obligation of a defined benefit scheme is based on actuarial computations using the projected unit credit method, the additional provision recognised is ₦120 million at 1/1/2012.

(f) Trade and other payables

Under Nigerian GAAP, trade creditors and other creditors and accruals are presented as a separate line item on the statement of financial position. Under IFRS, in line with IAS 1, trade creditors and other creditors and accruals are presented as trade and other payables, while intercompany payables included as trade payables are presented as intercompany payables.

(g) Cash and cash equivalents

Under Nigerian GAAP, cash and short-term deposits are separate line items on the statement of financial position. Under IFRS, in line with IAS 1.55 cash and short-term deposits are merged and disclosed as cash and cash equivalents. Short-term deposits of ₦2.79 billion (1/1/2011: ₦743 million) have been included in cash and cash equivalents of ₦3.497 billion (1/1/2011: ₦2.191 billion).

(h) **Other income (nee other gains and losses)**

Under Nigerian GAAP, other income balance of ₦268.5 million included interest income from bank deposits of ₦203.3 million which is now presented as a separate line item under investment income on the statement of profit or loss in line with IAS 1.

(i) **Freight income**

Under Nigerian GAAP, freight income and costs were netted off and reflected in cost of sales for the year. Under IFRS, revenue earned from this is presented as a separate line item on the statement of profit or loss.

Statement of Value Added

For the year ended 31 December 2012

	IFRS 31 Dec. 2012 ₦'000	%	IFRS 31 Dec. 2011 ₦'000	%
Turnover	13,414,185		10,306,944	
Interest receivable and similar income	268,490		152,015	
Other income	415		11,011	
	13,683,090		10,469,970	
Less: Bought in materials and services				
— Imported	(4,325,210)		(4,003,200)	
— Local	(4,032,524)		(1,238,111)	
VALUE ADDED	**5,325,356**	**100**	**4,657,525**	**100**
APPLIED AS FOLLOWS:				
To pay employees				
Salaries, wages and other benefits	911,254	17	958,211	20
To pay government				
Income tax	1,270,030	24	934,904	20
To pay providers of capital				
Interest on loans, overdraft	7,947	—	13,169	—
To provide for replacement of assets and development				
Deferred tax	(179,717)	(3)	124,239	3
Depreciation	548,127	10	394,207	9
Profit and loss account	2,766,308	52	2,179,266	47
Other comprehensive income	1,407	—	53,527	1
	5,325,356	**100**	**4,657,525**	**100**

This report is not prepared under IFRS. Instead, it has been prepared in compliance with the Companies and Allied Matters Act (CAMA) requirement.

Five-Year Financial Summary

	IFRS Dec. 2012 ₦'000	IFRS Dec. 2011 ₦'000	IFRS Dec. 2010 ₦'000	NIG GAAP Dec. 2009 ₦'000	NIG GAAP Dec. 2008 ₦'000
Assets Employed					
Non-current asset	3,666,458	3,335,989	2,587,775	2,907,900	1,937,810
Current assets	7,023,084	6,710,953	4,922,017	2,446,300	2,428,935
Deferred taxation	—	—	—	(458,437)	(305,679)
Debenture loan	—	—	—	(38,570)	(38,570)
Provision for staff gratuity	—	—	—	(225,661)	(173,535)
	10,689,542	**10,046,942**	**7,509,792**	**4,631,532**	**3,848,961**
Financed By					
Share capital	1,324,719	1,324,719	1,324,719	1,324,719	1,324,719
Share premium	434,037	434,037	434,037	434,037	434,037
Revaluation reserve	—	—	—	149,450	149,450
Non-current liabilities	734,839	827,782	729,093	—	—
Current liabilities	3,377,122	3,554,604	2,024,216	—	—
Retained earnings	4,818,825	3,905,800	2,997,727	2,723,326	1,940,755
	10,689,542	**10,046,942**	**7,509,792**	**4,631,532**	**3,848,961**
Turnover, Profit and Taxation					
Turnover	**13,414,185**	**10,306,944**	**8,894,015**	**8,767,353**	**7,888,276**
Profit before taxation	4,036,338	3,138,599	2,058,340	2,712,448	1,897,617
Taxation	(1,270,030)	(934,904)	(410,019)	(870,102)	(599,324)
Profit after taxation	**2,766,308**	**2,203,695**	**1,648,321**	**1,842,346**	**1,298,293**
Earnings per share					
Earnings — Basic	1.04	83	62	70	49
Earnings — Diluted	1.04	83	62	70	49
Net assets	—	—	187	147	147

This report is not prepared under IFRS. Instead, it has been prepared in compliance with the Companies and Allied Matters Act (CAMA) requirement.

Data on Claimed/Unclaimed Dividends (2007 – 2011)

Dividend Year	No. of Years	Total Amount of Dividends Declared ₦	Total Amount of Dividends Transferred to the Registrars ₦	Total Dividends Paid to Investors by the Registrars ₦	Unclaimed and Returned to the Company	Total Amount of Unclaimed Dividends ₦
2007	1	883,146,126.00	883,146,126.00	859,801,365.84	*********	23,344,760.16
2008	2	1,059,775,351.20	1,059,775,351.20	1,021,277,897.28	*********	38,497,453.92
2009	3	1,324,719,189.00	1,324,719,189.00	1,277,709,274.35	*********	47,009,914.65
2010	4	1,324,719,189.00	1,324,719,189.00	1,266,369,577.20	*********	58,349,611.80
2011	5	1,854,606,864.60	1,854,606,864.60	1,737,454,338.27	*********	117,152,526.33

Mandate Form

MERISTEM
REGISTRARS LIMITED
RC NO:489092

213, Herbert Macaulay Way,
Sabo-Yaba,
P.O. Box 51585,
Falomo-Ikoyi,
Lagos.
Phone: 01-8920491,8920492
Fax: 01-2702361
e-Mail:info@meristemeregistrars.com
Website: www.meristemregistrars.com

Get Your Dividend the Instant You Need it with
e–Dividend Payment

MANDATE FOR DIVIDEND PAYMENT TO BANKS (e-Dividend)

To:

The Registrars,
Meristem Registrars Limited,
213, Herbert Macaulay Way,
Adekunle, Yaba,
Lagos.

I/We hereby request that from now on, all my/our dividend warrant(s) due to me/us from my/our holding(s) in all the companies ticked at the right hand column be paid to my/our Bank named below.

Bank Name:______________________________

Bank Address:______________________________

____

Account Number:______________________________

Shareholder's Full Name:______________________________
(Surname First)

Shareholder's Address:______________________________

____

E-mail:______________________________

Mobile Phone:______________________________

CSCS CHN ____________________ CSCS A/C No.____________________

Single Shareholder's Signature:______________________________

Joint Shareholder's Signature 1.______________________________

2.______________________________

If company,
Authorized Signatories 1.______________________________

2.______________________________

Company
Seal:______________________________

Authorized Signature & Stamp Of
Bankers:______________________________

Sort Code:

e-DIVIDEND PAYMENT – One Stop Solution to Unclaimed Dividend – Take Advantage of It!

Proxy Form

NATIONAL SALT COMPANY OF NIG. PLC
2012 ANNUAL GENERAL MEETING TO BE HELD
AT 12 NOON ON THURSDAY, 6TH JUNE, 2013
AT THE AGIP RECITAL HALL, MUSON CENTRE,
ONIKAN, LAGOS.

I/We* ....

of ....

being a member/member(s) of National Salt Company of Nig. Plc

hereby appoint ....

....

of ....

or failing him, the Chairman of the meeting, as my/our proxy to act and vote for me/us and on my/our behalf at the 2012 Annual General Meeting of the Company to be held at 12 noon on Thursday, 6th June, 2013 and at any adjournment thereof.

Dated this .... day of ....,............................... 2013

Signature ....

NOTES

1. Please sign this proxy card and post it to reach the registered office of the Company not less than 48 hours before the time for holding the meeting.
2. If executed by a corporation, the proxy card should be sealed with the common seal.
3. This proxy card will be used both by show of hands and in the event of a poll being directed or demanded.
4. In the case of joint holders the signature of any one of them will suffice, but the names of all joint holders should be shown.

NASCON

RESOLUTION	FOR	AGAINST
1. To receive the Audited Financial Statements for the year ended 31st December, 2012 together with the reports of the Directors, Auditors and Audit Committee thereon.		
2. To declare a dividend		
3. To re-elect Directors		
4. To re-elect the Auditors		
5. To authorize the Directors to fix the remuneration of the Auditors		
6. To elect members of the Audit Committee		

Please indicate with an "X" in the appropriate square how you wish your votes to be cast on resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his/her own discretion.

Before posting the above form, please tear off this part and retain it for admission to the meeting.

Admission Card

NATIONAL SALT COMPANY OF NIG. PLC
2012 ANNUAL GENERAL MEETING TO BE HELD AT 12 NOON
ON THURSDAY, 6TH JUNE, 2013 AT THE AGIP RECITAL HALL, MUSON CENTRE, ONIKAN, LAGOS.

Name of Shareholder* ....

IF YOU ARE UNABLE TO ATTEND THE MEETING

A member (shareholder) who is unable to attend Annual General Meeting is allowed by law to vote by proxy. A proxy need not be a member of the Company. The above proxy card has been prepared to enable you exercise your right to vote if you cannot personally attend.

No. of Shares

Name and Address of Shareholders

IMPORTANT

Please insert your name in BLOCK CAPITALS on both proxy and admission card where marked*.

The Registrars

Meristem Registrars Ltd.
213, Herbert Macaulay Way
Adekunle, Yaba
Lagos

NATIONAL SALT COMPANY OF NIG. PLC.
RC. 11364

NATIONAL SALT COMPANY OF NIG. PLC.
RC 11364

DANGOTE

NATIONAL SALT COMPANY OF NIG. PLC is a subsidiary of the DANGOTE GROUP

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