



NATIONAL SALT COMPANY OF NIG. PLC.

RC 11364



ANNUAL REPORT

&

ACCOUNTS

2011

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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 2011 will hold at the CIVIC CENTRE, OZUMBA MBADIWE, VICTORIA ISLAND, LAGOS on Thursday, 31st May, 2012 at 11.00 a.m. prompt to transact the following business:

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31st December, 2011 along with the reports of the Directors and Audit Committee thereon for the year 2011.
2. To declare a Dividend.
3. To re-elect Directors.
4. To re-appoint the Auditors.
5. To authorize the Directors to fix the remuneration of the Auditors.
6. To appoint members of the Audit Committee.

PROXY

A member of the Company entitled to attend and vote at the above 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 Registrar not later than 48 hours before the time fixed for the meeting.

DIVIDEND

The Board recommends for the approval of shareholders a payment of 70 kobo per ordinary share of 50 kobo each, out of the profits declared in the financial year ended 31st December, 2011 and which will be subject to withholding tax at the appropriate rate.

DIVIDEND WARRANTS

If approved, the dividend warrants will be posted on Thursday, 7th June, 2012 to shareholders whose names appear in the Company Register of Members at the close of business on Friday, 18th May, 2012.

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 from Monday, 21st May to Friday, 25th May, 2012 both days inclusive.

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 to the Audit Committee should reach the Company Secretary at least 21 days before the Annual General Meeting. The Audit Committee comprises two shareholders and two Directors.

BY ORDER OF THE BOARD



A. A. SAMUEL

Company Secretary

Dated this 12th day of April, 2012.

DANGOTE GROUP

Union Marble House
1, Alfred Rewane Road
Falomo
Ikoyi, Lagos
Nigeria.



Directors, Advisers and Other Corporate Information

DIRECTORS

Alhaji Aliko Dangote (GCON)	—	<i>Chairman</i>
Alhaji Sani Dangote	—	<i>Director</i>
Mr. Ade Adeniji	—	<i>Managing Director</i>
Mr. Suleiman Olarinde	—	<i>Director</i>
Mr. Olakunle Alake	—	<i>Director</i>
Mr. Knut Ulmvoen	—	<i>Director</i>
Chief C. Atoki	—	<i>Director</i>
Alhaji Abdu Dantata	—	<i>Director</i>
Alhaji M. S. Ladan-Baki	—	<i>Director</i>

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



Financial Highlights

	2011 N'000	2010 N'000
PROFIT AND LOSS		
Turnover	9,681,720	8,894,015
Profit before taxation	3,114,170	2,058,340
Taxation	(960,093)	(410,019)
Profit after taxation transferred to revenue reserve	2,154,077	1,648,321
Proposed final dividend	1,854,607	1,324,719
BALANCE SHEET		
Share capital	1,324,719	1,324,719
Shareholders' funds	5,784,492	4,955,134
Per 50 kobo share data (kobo)		
Earnings	81.0	62.0
Dividend	70.0	50.0



Chairman's Statement



Alhaji Aliko Dangote (GCON)
Chairman

*F*ellow 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 2011 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, 2011. 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.

2011 PERFORMANCE

We continued to face the usual challenges of the Nigerian business environment. Energy, in particular and 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. Most importantly, NASCON was severely impacted by the global raw salt shortages that characterised the year, leading to a 20% reduction in our normal import level.

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 ₦9.7b, reflecting a percentage growth of 8.9% on the previous year. Operating profit before tax achieved was ₦3.1b, while our profit after tax was ₦2.2b, showing growth of 30.7% over 2010.

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 ₦1.855 billion, representing 70 kobo for every 50 kobo ordinary share held.

2012 PROSPECTS

I am happy to say that our prospects for 2012 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 establishing a seasoning business, Vegetable oil refinery and Tomato packing operations, which unfortunately have been delayed for a while. However, limited production should 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 there has been no changes in your Board composition. 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



Chief C. A. Atoki
Director



Mr. Suleiman Olarinde
Director



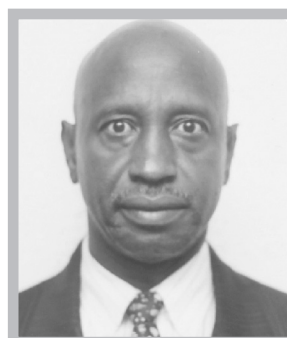
Mr. Olakunle Alake
Director



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 2011

1. ACCOUNTS

The Directors are pleased to submit their report together with the audited accounts of the Company for the year ended 31st December, 2011.

2. RESULT

₦'000

The Company's profit for the year after taxation was	2,154,077
Proposed final dividend for 2011	1,854,607

3. PRINCIPAL ACTIVITIES

The principal activities of the Company during the year are as follows — Processing of raw salt into edible 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
- (b) Alhaji Sani Dangote
- (c) Chief C. Atoki
- (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, Chief C. Atoki, Mr. Suleiman Olarinde and Alhaji Sada Ladan-Baki are retiring by rotation and being eligible, offer themselves for re-election.

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 31 Dec., 2011	As at 31 Dec., 2010	As at 31 Dec., 2009
(a)	Alhaji Aliko Dangote (Direct)	—	74,004,503	74,004,503
(b)	Alhaji Sani Dangote	—	42,062	42,062
(c)	Chief C. Atoki (Indirect)	—	739,490	739,490
(d)	Mr. Olakunle Alake	—	4,170,000	4,170,000
(e)	Mr. Knut Ulmvoen	—	—	—
(f)	Mr. Suleiman Olarinde	—	—	—
(g)	Alhaji Sada Ladan-Baki	—	279,288	279,288
(h)	Alhaji Abdu Dantata	—	12,000,000	12,000,000
(i)	Mr. Ade Adeniji (<i>Managing</i>)	—	—	—



Report of the Directors

For the year ended 31 December 2011

HISTORY OF SHARE CAPITAL

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	65,847	32,923			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					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	2,127,909	1,063,954	441,573	220,787	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					2,207,865	1,103,932
2008	4,000,000	2,000,000					2,649,438	1,324,719
2009	4,000,000	2,000,000					2,649,438	1,324,719
2010	4,000,000	2,000,000					2,649,438	1,324,719
2011	4,000,000	2,000,000					2,649,438	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 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;
- 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.
- 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.



Report of the Directors

For the year ended 31 December 2011

- 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 upon.
- The Board, from time to time, routinely empowers committees to examine and deliberate on finance and establishment related issues.

8. SUBSTANTIAL INTEREST IN SHARES

The Registrar has advised that according to the Register of Members on 31st December 2011, 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 6 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. POST BALANCE SHEET EVENTS

There were no significant developments since the balance sheet date which could have had a material effect on the state of affairs of the Company as at 31st December, 2011 and the profit for the year ended on that date which have been adequately recognized.

11. COMPANY DISTRIBUTORS

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

12. SUPPLIERS

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

13. ANALYSIS OF SHAREHOLDINGS

Analysis of shareholdings as at 31st December, 2011:

Range			No. of Holders	Per cent	Units	Per cent
1	—	1,000	19,730	57.43	7,984,903	0.30
1,001	—	10,000	9,061	26.38	34,058,274	1.29
10,001	—	50,000	4,053	11.80	86,664,534	3.27
50,001	—	100,000	704	2.04	51,183,553	1.93
100,001	—	500,000	617	1.80	126,425,987	4.77
500,001	—	1,000,000	81	0.24	57,687,457	2.18
1,000,001	—	5,000,000	82	0.24	159,951,578	6.04
5,000,001	—	10,000,000	13	0.04	90,829,224	3.43
10,000,001	—	50,000,000	11	0.03	386,889,311	14.60
50,000,001	—	100,000,000	1	0.00	1,647,763,557	62.19
Grand Total			34,353	100.00	2,649,438,378	100.00



Report of the Directors

For the year ended 31 December 2011

14. 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 good and safe working environment.

3. Employee Development

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

15. 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	—	Chairman/Member
Mr. Suleiman Olarinde	—	Director/Member
Mr. Metu Richard Anyanaso	—	Shareholder/Member
Alhaji Abdu Dantata	—	Director/Member

16. 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.

12 April, 2012



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, 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 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' MEETING

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.

SUBMISSION OF YEAR 2011 FINANCIAL STATEMENTS TO NIGERIAN STOCK EXCHANGE

The financial statements for the year ended 31 December, 2011 were submitted to the Nigerian Stock Exchange on the 16th April, 2012. There was no penalty due to the extension granted by the Nigerian Stock Exchange till 13th April, 2012.

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.



Corporate Governance Report

The Finance Committee

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

Mr. Olakunle Alake	—	<i>Chairman</i>
Alhaji Abdu Dantata	—	<i>Member</i>
Alhaji M. S. Ladan-Baki	—	<i>Member</i>
Mr. Ade Adeniji	—	<i>Member</i>

The Committee held three 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	—	<i>Chairman</i>
Mr. Suleiman O. Olarinde	—	<i>Member</i>
Mr. Knut Ulvmoen	—	<i>Member</i>
Mr. Ade Adeniji	—	<i>Member</i>

The Committee held two 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.

After the first Audit Committee meeting of January 2011, the then Chairman of the Committee who was a Shareholders' representative passed on. In order to fulfill the requirement of Directors and Shareholders on the Committee, Alhaji M. S. Ladan-Baki, a Director resigned from the Committee.

At the last Annual General Meeting held in June 2011, the Shareholders unanimously confirmed the present membership of four members consisting two Directors and two Shareholders' representatives.

The Committee met two times within the year.

Members of the Committee are:

Chief Aderemi Oyepeju	—	<i>Chairman/Shareholder Representative (Deceased)</i>
Mr. J. S. Ajibola	—	<i>Shareholder Representative</i>
Mr. Metu Richard Anyanaso	—	<i>Shareholder Representative</i>
Alhaji M. S. Ladan-Baki	—	<i>Director</i>
Alhaji Abdu Dantata	—	<i>Director</i>
Mr. Suleiman O. Olarinde	—	<i>Director</i>

The Committee 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.



Corporate Governance Report

FINANCE COMMITTEE MEETINGS 2011

No.	Name	May 16th 2011	August 4th 2011	October 25th 2011
1.	Mr. Olakunle Alake	✓	✓	✓
2.	Alhaji Abdu Dantata	✓	✓	✓
3.	Alhaji Sada Ladan-Baki	✓	✓	✓
4.	Mr. Ade Adeniji	✓	✓	✓

BOARD MEETINGS FOR YEAR 2011

No.	Name	May 18th 2011	June 30th 2011	August 5th 2011	October 25th 2011
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	✓			

ESTABLISHMENT COMMITTEE MEETINGS FOR YEAR 2011

No.	Name	May 16th 2011	October 25th 2011
1.	Mr. Knut Ulvmoen		✓
2.	Mr. Suleiman Olarinde	✓	✓
3.	Mr. Ade Adeniji	✓	✓
4.	Chief C. A. Atoki	✓	

AUDIT COMMITTEE MEETINGS FOR 2011

No.	Name	January 17th 2011	May 20th 2011
1.	Chief Aderemi Oyepeju	✓	Deceased
2.	Mr. J. S. Ajibola	✓	✓
3.	Mr. Richard Metu	✓	✓
4.	Mr. Suleiman Olarinde	✓	✓
5.	Alhaji Abdu Dantata	✓	
6.	Alhaji Sada Ladan-Baki	✓	



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 2011. 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 13th day of April, 2012

Members of the Committee

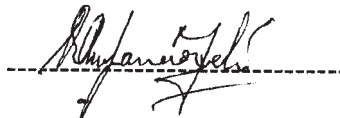
Alhaji Suleiman Olarinde



Alhaji Abdu Dantata



Mr. Metu Richard Ayanaso



Report of the Independent Auditors

TO THE MEMBERS OF NATIONAL SALT COMPANY OF NIGERIA PLC

We have audited the accompanying financial statements of **National Salt Company of Nigeria Plc**, set out on pages 16 to 31 which comprise the balance sheet as at 31 December 2011, the profit and loss account, statement of cash flows and value added statement for the year then ended and a statement of the significant accounting policies, five-year financial summary and other accompanying explanatory information.

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 and for such internal control as the Directors determine are necessary to enable the preparation of 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 control 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 the 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 2011, and of its financial performance and its cash flows for the year then ended; the Company has kept proper books of account, which are in agreement with the balance sheet and profit and loss accounts in the manner required by the Companies and Allied Matters Act, CAP C20, LFN 2004, and, in accordance with the Statements of Accounting Standards issued by the Financial Reporting Council of Nigeria.



Chartered Accountants
Lagos, Nigeria
13 April 2012

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Statement of Significant Accounting Policies

Year ended 31 December 2011

The following are the summary of significant accounting policies adopted by the Company in the preparation of its financial statements:

1. Basis of accounting

The financial statements are prepared on the historical cost basis, modified to include the revaluation of certain land and buildings. No adjustments have been made to reflect the impact on the financial statements of specific price changes in the general level of prices.

2. Turnover

Turnover represents the net value of goods and services sold to third parties during the year less discounts. Sales of goods are recognised when goods are delivered to the customers and title is presumed to have passed.

3. Fixed assets

Fixed assets are stated at cost or valuation less accumulated depreciation.

4. Depreciation

Depreciation is calculated to write off the cost/valuation of fixed assets on a straight line basis over their expected useful lives. The principal annual rates used for this purpose are:

		%
Freehold buildings	—	2
Motor vehicles	—	25
Furniture and fittings	—	20
Plant and machinery	—	$6\frac{2}{3}$
Tools and equipment	—	25
Computer equipment	—	$33\frac{1}{3}$
Freehold land is not depreciated		

5. Finance leases

Assets under finance leases are included in the balance sheet at the net book value of the assets and the present value of the minimum lease payments. Depreciation is calculated using the rate applicable to other fixed assets in the same category.

6. Stocks

Stocks are stated at the lower of cost and net realisable value. The cost of raw materials which comprises suppliers' invoice price and where appropriate freight and other charges incurred to bring the materials to their location and condition, are determined using standard cost, which approximates actual cost on a first in first out (FIFO) basis. Finished goods which include direct labour and factory overheads are valued at standard cost adjusted at year-end on an actual cost basis. Engineering and other spares are valued at invoice price only. Allowance is made for obsolete, slow moving or defective items, where appropriate.

7. Foreign currencies

Transactions in foreign currencies are recorded in Naira at the rates of exchange ruling at the date of the transactions. Assets and liabilities existing in foreign currencies are converted to Naira at the rates of exchange ruling at the balance sheet date. Gains or losses arising therefrom are included in the profit and loss account.

8. Debtors

Debtors are stated after deduction of specific provision for debts considered doubtful of recovery.



Statement of Significant Accounting Policies

Year ended 31 December 2011

9. Employees retirement benefit scheme

The Company makes provision for retirement benefits in accordance with the Pension Reform Act of 2004 with the employee and employer contributing 7.5% of employee's relevant emoluments. The Company's contribution to the pension scheme is charged to the profit and loss account.

The Company also operates a gratuity scheme for its permanent Nigerian staff, the benefits under which are related to employees' length of service and remuneration. The liability in respect thereof is provided in full in the financial statements.

10. Taxation

Income tax expenses/credits are recognised in the profit and loss account. Current income tax is the expected tax payable on taxable incomes, using applicable statutory tax rates and any adjustment to the payable in respect of previous years.

11. Deferred taxation

Deferred taxation is provided by the liability method which represents taxation at current rate on the difference between the net book values of fixed assets qualifying for capital allowances and their corresponding income tax values.

12. Provisions

Provisions are recognised when the Company has a present obligation, whether legal or constructive, as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount to be recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provisions are reversed.

13. Investments

Short-term investments are stated at cost after specific provision for diminution in value.

14. Earnings per share

The Company presents basic earnings per share (EPS) for its ordinary shares. Basic earnings per share (EPS) is calculated by dividing the profit or loss before tax attributable to ordinary shareholders of the Company by the number of issued and fully paid ordinary shares at the end of the financial year.

15. Segment reporting

The Company derives its revenue from two product lines: edible/industrial salt and tomato paste and the turnover, cost of sales and gross profit have been segmented along this line in accordance with the Statements of Accounting Standards (SAS) 24.

16. Risk management

The existing Code of Corporate Governance has been designed to mitigate risks, both identified and anticipated. In respect of risk identified, provision is only made for the amount for Directors considered prudent in relation to probable cash flow. For anticipated risks, appropriate controls are instituted by Management to mitigate such risk.



Profit and Loss Account

For the year ended 31 December 2011

	Note	2011 N'000	2010 N'000
Turnover	2	9,681,720	8,894,015
Cost of sales		(5,635,664)	(6,065,141)
Gross profit		4,046,056	2,828,874
Administrative expenses		(1,081,743)	(1,043,435)
Other operating income	3	16,854	178,286
Interest receivable and similar income	4	146,172	105,643
Operating profit	5	3,127,339	2,069,368
Interest payable and similar charges		(13,169)	(11,028)
Profit before taxation		3,114,170	2,058,340
Taxation	6	(960,093)	(410,019)
Profit after taxation transferred to revenue reserve	18	<u>2,154,077</u>	<u>1,648,321</u>
Earnings per share (kobo)	27	<u>81</u>	<u>62</u>

The significant accounting policies on pages 16 and 17 and the accompanying explanatory notes on pages 21 to 29 form an integral part of these financial statements.





Balance Sheet

As at 31 December 2011

	Note	2011 N'000	2010 N'000
NON-CURRENT ASSETS			
Fixed Assets	7	3,307,506	2,555,371
CURRENT ASSETS			
Stocks	8	845,258	915,198
Trade debtors	9	325,717	673,335
Other debtors and prepayments	10	1,872,428	1,252,178
Due from holding company	24 (a)	179,178	200,343
Due from other related parties	24 (c)	19,200	79,569
Short-term investments	11	2,540,799	743,361
Cash and bank balances	20	956,623	1,448,485
		<u>6,739,203</u>	<u>5,312,469</u>
CREDITORS: Amounts falling due within one year			
Bank overdrafts	20	5,236	5,236
Trade creditors		332,650	615,249
Other creditors and accruals	12	2,006,427	689,432
Taxation	6	858,349	719,814
Due to holding company	24 (b)	111,727	317,876
Due to other related parties	24 (d)	239,981	34,657
		<u>3,551,370</u>	<u>2,382,264</u>
NET CURRENT ASSETS		<u>3,184,833</u>	<u>2,930,205</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,492,339</u>	<u>5,485,576</u>
CREDITORS: Amounts falling due after more than one year			
Deferred taxation	13	(359,057)	(209,630)
Provision for gratuity	15	(310,220)	(282,242)
Debenture loan	14	(38,570)	(38,570)
		<u>5,784,492</u>	<u>4,955,134</u>
CAPITAL AND RESERVE			
Share capital	16	1,324,719	1,324,719
Share premium	17	434,037	434,037
Revaluation reserve		149,450	149,450
Revenue reserve	18	3,876,286	3,046,928
SHAREHOLDERS' FUNDS		<u>5,784,492</u>	<u>4,955,134</u>

The financial statements on pages 16 to 31 were approved by the Board of Directors on 13 April, 2012 and signed on its behalf by:



 Directors

The significant accounting policies on pages 16 and 17 and the accompanying explanatory notes on pages 21 to 29 form an integral part of these financial statements.



Statement of Cash Flows

For the year ended 31 December 2011

	Note	2011 N'000	2010 N'000
OPERATING ACTIVITIES			
Cash receipts from customers		11,171,008	9,773,864
Cash paid to suppliers and employees		(6,865,585)	(7,877,064)
Value added tax (net)		12,353	15,616
Tax paid	6	(672,131)	(703,625)
Net cash flow from operating activities	19	<u>3,645,645</u>	<u>1,208,791</u>
INVESTING ACTIVITIES			
Proceeds from sale of fixed asset	7	958	—
Purchase of fixed assets	7	(1,149,311)	(185,456)
Interest received	4	146,172	105,643
Net cash flow from investing activities	19	<u>(1,002,181)</u>	<u>(79,813)</u>
FINANCING ACTIVITIES			
Interest paid		(13,169)	(11,028)
Dividend paid	18	(1,324,719)	(1,324,719)
Net cash from financing activities		<u>(1,337,888)</u>	<u>(1,335,747)</u>
Change in cash and cash equivalents		1,305,576	(206,769)
Opening cash and equivalents		2,186,610	2,393,379
Closing cash and cash equivalents	20	<u><u>3,492,186</u></u>	<u><u>2,186,610</u></u>



Notes to the Financial Statements

For the year ended 31 December 2011

1. THE COMPANY

(a) Legal form

National Salt Company of Nigeria Plc (NASCON) was incorporated in Nigeria as a limited liability company on 30 April 1973. It was fully privatised 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 with the issue and allotment of additional NASCON shares as purchase consideration. The major shareholder of the Company is Dangote Industries Limited which owns approximately 62% of the issued share capital.

(b) Principal activities

The Company is engaged in the refining and marketing of salt of different grades; kitchen, table and industrial as well as the importation and sale of Tomato paste.

2. TURNOVER

Analysis of turnover by products is as follows:

	2011 N'000	2010 N'000
Edible/industrial salt	9,616,822	8,707,766
Tomato paste	64,898	186,249
	9,681,720	8,894,015

Full segmented disclosures have not been produced as the tomato paste business only accounted for about two per cent of the Company's total business operations and the risks and rewards of edible/industrial salt are similar in all geographic markets.

3. OTHER OPERATING INCOME

	2011 N'000	2010 N'000
Sale of scraps	8,671	5,616
Hire of grabs	3,175	2,059
Rental income	2,668	12,677
Non-refundable deposit	245	—
Commission on Turnover (COT) refund	31	—
Others	2,064	157,934
	16,854	178,286

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2011	2010
Interest income on operating accounts	171	13
Interest income on fixed deposits	128,146	15,122
Interest income on commercial papers due from holding company	17,855	90,508
	146,172	105,643



Notes to the Financial Statements

Year ended 31 December 2011

	2011 N'000	2010 N'000
5. PROFIT BEFORE TAXATION		
This is arrived at after charging/(crediting):		
Directors' emoluments (Note 21)	30,738	25,818
Depreciation of fixed assets	394,207	348,665
Provision for doubtful debts	11,188	184,473
Interest income	(146,172)	(105,643)
Audit fee	9,000	9,000
Management fee (Note 23)	227,278	210,109
	<hr/>	<hr/>
6. TAXATION		
(a) Per profit and loss account		
Income tax based on profit for the year	740,849	605,800
Education tax	69,817	53,026
	<hr/>	<hr/>
	810,666	658,826
Deferred tax (Note 13)	149,427	(248,807)
	<hr/>	<hr/>
	960,093	410,019
	<hr/>	<hr/>
(b) Per balance sheet		
Balance, beginning of the year	719,814	764,613
Charge for the year	810,666	658,826
Payment during the year	(672,131)	(703,625)
	<hr/>	<hr/>
Balance, end of the year	858,349	719,814
	<hr/>	<hr/>

The charge for income tax has been computed in accordance with the provisions of the Companies Income Tax Act, CAP C21, and LFN 2004 as amended to date and the Education Tax is based on the provisions of the Education Tax Act, CAP E4, LFN 2004.



Notes to the Financial Statements

Year ended 31 December 2011

7. FIXED ASSETS

(a) The movement on these accounts during the year was as follows:

	Freehold Land and Buildings N'000	Motor Vehicles N'000	Furniture and Fittings N'000	Plant and Machinery N'000	Tools and Equipment N'000	Computer Equipment N'000	Work-in- Progress N'000	Total N'000
Cost/valuation								
Beginning of year	385,193	780,037	39,557	1,821,224	20,474	24,776	419,130	3,490,391
Additions	14,576	865,057	9,639	26,056	1,474	6,992	225,518	1,149,312
Disposal	—	(2,000)	—	—	—	—	—	(2,000)
Transfer (Note 7b)	6,970	—	—	25,705	—	—	(32,674)	—
Adjustments	—	—	—	—	—	—	(2,013)	(2,013)
End of year	406,739	1,643,094	49,196	1,872,985	21,948	31,768	609,961	4,635,690
Depreciation								
Beginning of year	68,120	345,566	29,532	452,961	17,781	21,060	—	935,020
Charge for the year	7,842	253,698	6,159	122,661	1,268	2,579	—	394,207
Eliminated on disposal	—	(1,042)	—	—	—	—	—	(1,042)
End of year	75,962	598,222	35,691	575,622	19,049	23,639	—	1,328,185
Net Book Value								
End of year	<u>330,777</u>	<u>1,044,872</u>	<u>13,505</u>	<u>1,297,363</u>	<u>2,899</u>	<u>8,129</u>	<u>609,961</u>	<u>3,307,506</u>
Beginning of year	<u>317,073</u>	<u>434,471</u>	<u>10,025</u>	<u>1,368,263</u>	<u>2,693</u>	<u>3,716</u>	<u>419,130</u>	<u>2,555,371</u>

(b) The fixed assets were revalued by Messrs Alagbe and Partners, professional valuers in July 2002 based on replacement cost approach. The revaluation was incorporated into these financial statements and the surplus arising therefrom was taken to revaluation reserve.

(c) Work-in-progress comprises of construction of a seasoning factory, Indumak parts and a wheel loader.



Notes to the Financial Statements

Year ended 31 December 2011

	2011 N'000	2010 N'000
8. STOCKS		
Raw materials	489,267	633,134
Raw salt in transit	161,336	—
Finished goods	3,655	131,379
Engineering spares and other stocks	191,000	150,685
	845,258	915,198
9. TRADE DEBTORS		
Trade debtors	1,068,184	1,440,102
Provision for doubtful debts	(742,467)	(766,767)
	325,717	673,335
10. OTHER DEBTORS AND PREPAYMENTS		
Prepayments	646,443	117,128
Staff loan and advances	92,683	46,540
Rebate receivable from suppliers	1,029,811	829,196
Advances to suppliers of services	51,817	57,546
Advances to transporters	9,039	54,097
Deposit for tomato paste equipment	—	115,239
Insurance claim receivable	15,623	5,465
VAT receivable	27,012	26,967
	1,872,428	1,252,178

(a) The rebate receivable represents amounts recoverable from Bulk Commodities in respect of the supply of freight and logistics (Note 24).

	2011 N'000	2010 N'000
11. SHORT-TERM INVESTMENTS		
Balance, beginning of year	743,361	1,642,051
Reduction in investment during the year	—	(1,244,180)
	743,361	397,871
Dangote Industries Limited (DIL) Global Cash Management investment in the year (Note 11a)	1,797,438	345,490
Balance, end of year	2,540,799	743,361

(a) This amount represents 9% promissory note issued by DIL or a period of 92 days.



Notes to the Financial Statements

Year ended 31 December 2011

	2011 N'000	2010 N'000
12. OTHER CREDITORS		
Accrued expenses	446,171	247,720
Customers' deposit	1,514,376	388,602
WHT payable	20,379	17,462
VAT payable	14,659	11,351
Pension (Note 12a)	10,842	24,297
	2,006,427	689,432
(a) Pension		
Balance, beginning of year	24,297	28,123
Deductions during the year	52,762	44,534
Remittance	(66,217)	(48,360)
Balance, end of year	10,842	24,297
13. DEFERRED TAXATION		
Balance, beginning of year	209,630	458,437
Charge/(write back) for the year (Note 6a)	149,427	(248,807)
Balance, end of year	359,057	209,630
14. DEBENTURE LOAN	38,570	38,570

At the time of privatisation in 1992, the debt owed 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.

	2011 N'000	2010 N'000
15. PROVISION FOR GRATUITY		
Balance, beginning of year	282,242	225,661
Charge for the year	101,374	70,681
Payments during the year	(73,396)	(14,100)
Balance, end of year	310,220	282,242
16. SHARE CAPITAL		
(a) Authorised		
4,000,000,000 ordinary shares of 50k	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



Notes to the Financial Statements

Year ended 31 December 2011

	2011 N'000	2010 N'000
17. SHARE PREMIUM		
Balance, end of year	<u>434,037</u>	<u>434,037</u>
18. REVENUE RESERVE		
Balance, beginning of year	3,046,928	2,723,326
Dividend paid	(1,324,719)	(1,324,719)
Transfer from profit and loss account	<u>2,154,077</u>	<u>1,648,321</u>
Balance, end of year	<u>3,876,286</u>	<u>3,046,928</u>

- (a) At the Annual General Meeting held on 30 June, 2011, the shareholders unanimously approved the payment of final dividend of 50 kobo per ordinary share of 50 kobo each out of the profit declared on the financial year ended 31 December 2010. The cash dividend amounting to ₦1,324,719,189 was paid during the year.
- (b) In respect of the current year, the Directors propose that a dividend of ₦0.70 per share be paid to shareholders. The dividend of ₦1,854,606,865 is subject to approval by the shareholders at the Annual General Meeting and deduction of withholding tax at the appropriate rate. Consequently, it has not been included as liability in these financial statements.

	2011 N'000	2010 N'000
19. RECONCILIATION OF PROFIT AFTER TAXATION TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Profit after taxation	<u>2,154,076</u>	<u>1,648,321</u>
Adjustments to reconcile net income to net cash provided:		
Depreciation	394,207	348,665
Adjustment to fixed assets	2,013	189,318
Interest received	(146,172)	(105,643)
Interest paid	13,169	11,028
Changes in assets and liabilities		
Increase in stocks	69,941	(31,969)
Decrease in trade debtors	347,618	612,334
Increase in other debtors and prepayments	(978,301)	(217,871)
Decrease/(increase) in amount due from holding company	21,165	(200,343)
Decrease/(increase) in amount due from other related parties	60,369	(79,524)
Increase in trade creditors	75,450	3,903
Increase in other creditors and accruals	1,316,996	70,624
Decrease in amount due to holding company	(206,149)	(825,821)
Increase in amount due to other related parties	205,323	22,794
Increase/(decrease) in taxation	138,535	(44,799)
Increase/(decrease) in deferred taxation	149,427	(248,807)
Increase in staff gratuity	<u>27,978</u>	<u>56,581</u>
Total adjustments	<u>1,491,569</u>	<u>(439,530)</u>
Net cash provided by operating activities	<u>3,645,645</u>	<u>1,208,791</u>



Notes to the Financial Statements

Year ended 31 December 2011

	2011 N'000	2010 N'000
20. RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	956,623	1,448,485
Short-term investment	2,540,799	743,361
Bank overdrafts	(5,236)	(5,236)
	3,492,186	2,186,610
21. INFORMATION REGARDING DIRECTORS AND EMPLOYEES		
(a) Directors		
Directors' emoluments comprise:		
Fees	400	400
Others	30,738	25,818
Highest paid Director	23,954	22,013
(b) Employees		
The number of employees with gross emoluments within the bands stated below are:		
	N'000	N'000
200 —	400	
401 —	600	
601 —	800	
801 —	1,000	
1,001 —	2,000	
2,001 and above		
	Number	Number
	167	385
	177	142
	75	76
	51	19
	32	49
	24	15
	526	686
Average number of persons in the Company's employment in the financial year were as follows:		
Managerial	29	28
Senior staff	63	77
Junior staff	434	581
	526	686
(c) Aggregate payroll costs		
	N'000	N'000
Salaries, allowances and other benefits	902,142	763,184
Provision for gratuity	57,203	70,681
	959,345	833,865



Notes to the Financial Statements

Year ended 31 December 2011

22. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

- (a) The Directors are of the opinion that all known liabilities and commitments which are relevant in assessing the Company's state of affairs have been taken into account in the preparation of these financial statements.
- (b) There is no contingent liability in respect of litigation against the Company.

23. MANAGEMENT AGREEMENT

National Salt Company of Nigeria Plc entered into a management and technical service agreement dated 1 January 2007 with Dangote Industries Limited (D.I.L.). The agreement is for an initial period of five years with an option to renew for a further period of five years subject to termination by either party in accordance with the terms of agreement. As consideration for the services provided by D.I.L., a sum equivalent to 2% of the net revenue from its sales for each month will be paid to D.I.L. The agreement expired on 1 January 2011, and it is currently in the course of being renewed.

24. RELATED PARTY 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.

	2011 N'000	2010 N'000
(a) Amount due from holding company		
Dangote Industries Limited	179,178	200,343
(b) Amount due to holding company		
Balance, beginning of year	317,876	817,815
Price review on trucks	—	(253,006)
Payments during the year	(206,149)	(246,933)
Balance, end of year	117,727	317,876
(c) Amount due from other related parties		
Dangote Sugar Refineries Plc	—	79,524
Dangote Pasta Limited	6,295	45
Dangote Flour Mills Plc	7,471	—
Dangote Noodles Limited	5,434	—
	19,200	79,569
(d) Amount due to other related parties		
Dangote Sugar Refineries Plc	78	—
Dangote Flour Mills Plc	—	26,854
Dangote Cement Plc	232,100	—
Dangote Cement Plc	7,803	7,803
	239,981	34,657



Notes to the Financial Statements

Year ended 31 December 2011

25. POST BALANCE SHEET EVENTS

There were no post balance sheet events which could have had material effect on the state of affairs of the Company at 31 December, 2011 and on the profit for the year ended on that date which have not been adequately provided for or recognised.

26. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to reflect proper disclosure and uniformity.

27. EARNINGS PER SHARE

The Company presents basic earnings per share (EPS) for its ordinary shares. Basic earnings per share (EPS) is calculated by dividing the profit or loss after tax attributable to ordinary shareholders of the Company by the number of issued and fully paid ordinary shares at the end of each financial year.

28. RISK MANAGEMENT

(a) Customer base

The Company has diversified its customer base to have customers who are end users (corporate clients in the manufacturing sector), and major distributors. This is to prevent the occurrence of any unanticipated risk in a particular customer cluster.

(b) Bank guarantee scheme

The Company operates on trading terms that require obtaining bank guarantees as security for credit sales. This is in addition to a proper credit monitoring scheme.

(c) Supply of raw salt

National Salt Company of Nigeria Plc (NASCON) maintains a guaranteed raw material supply contract with a major international supplier. Bulk Commodities (see Note 24). This is in addition to maintaining trading relationship with other major raw salt suppliers.

(d) Energy

The Company generates its own power supply and run its major equipment through the use of gas and automotive gas oil (AGO).

(e) Foreign exchange

The executive management is aware of the foreign exchange risk, especially as it relates to raw material importation. However, though hedging instruments are not readily available in our market, the strategy on exports could help reduce the risk on foreign exchange risk in the long run.

(f) Logistics/distribution

The Company has about 100 trucks to complement the service rendered by our sister company, Dangote Transport Nigeria Limited, and some other haulage service companies, in distributing our salt across the country. Customers with their own fleet of trucks are encouraged to do self-collection.



Statement of Value Added

For the year ended 31 December 2011

	2011		2010	
	N'000	%	N'000	%
Turnover	9,681,720		8,894,015	
Interest receivable and similar income	146,172		105,643	
Other income	16,854		178,286	
	<u>9,844,746</u>		<u>9,177,944</u>	
Less: Bought in materials and services:				
— Imported	(4,288,768)		(5,170,202)	
— Local	(1,075,090)		(755,844)	
VALUE ADDED	<u>4,480,888</u>	<u>100</u>	<u>3,251,898</u>	<u>100</u>
APPLIED AS FOLLOWS:				
To pay employees:				
Salaries, wages and other benefits	959,345	22	833,865	26
To pay government:				
Income tax	810,666	19	658,826	20
To pay providers of capital:				
Interest on loans, overdraft, etc	13,169	—	11,028	—
To provide for replacement of assets and development:				
Deferred tax	149,427	3	(248,807)	(8)
Depreciation	394,205	9	348,665	11
Profit and loss account	2,154,076	47	1,648,321	51
	<u>4,480,888</u>	<u>100</u>	<u>3,251,898</u>	<u>100</u>

Value added represents the additional wealth the Company has been able to create by its own and employees' efforts. This statement shows the allocation of that wealth between employees, capital providers, government and that retained for future creation of more wealth.



Five-Year Financial Summary

31 DECEMBER	2011 N'000	2010 N'000	2009 N'000	2008 N'000	2007 N'000
ASSETS EMPLOYED					
Fixed assets	3,307,506	2,555,371	2,907,900	1,937,810	1,416,520
Net current assets	3,184,832	2,930,205	2,446,300	2,428,935	2,368,852
Deferred taxation	(359,057)	(209,630)	(458,437)	(305,679)	(176,679)
Debenture loan	(38,570)	(38,570)	(38,570)	(38,570)	(38,570)
Provision for staff gratuity	(310,220)	(282,242)	(225,661)	(173,535)	(136,309)
	5,784,491	4,955,134	4,631,532	3,848,961	3,433,814
FINANCED BY					
Share capital	1,324,719	1,324,719	1,324,719	1,324,719	1,103,932
Share premium	434,037	434,037	434,037	434,037	434,037
Revaluation reserve	149,450	149,450	149,450	149,450	149,450
Revenue reserve	3,876,285	3,139,854	2,723,326	1,940,755	1,746,395
	5,784,491	4,955,134	4,631,532	3,848,961	3,433,814
TURNOVER, PROFIT AND TAXATION					
Turnover	9,681,720	8,894,015	8,767,353	7,888,276	6,252,575
Profit before taxation	3,021,243	2,058,340	2,712,448	1,897,617	1,752,331
Taxation	(960,093)	(410,019)	(870,102)	(599,324)	(492,458)
Profit after taxation	2,154,076	1,648,321	1,842,346	1,298,293	1,259,873
Earnings per share:					
Earnings — Basic	81	62	70	49	57
Earnings — Diluted	81	62	70	49	48
Net assets	218	187	175	147	157

Earnings per share are based on the profit after taxation and the number of issued and fully paid ordinary shares at the end of each financial year.

Net assets per share are based on the net assets and the number of issued and fully paid ordinary shares at the end of each financial year.



Notes



Mandate Form

*Set Your Dividend the Instant You Need it with
e-Dividend Payment*

MANDATE FOR DIVIDEND PAYMENT TO BANKS (e-Dividend)

To:

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



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

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
2011 ANNUAL GENERAL MEETING TO BE HELD
AT 11.00 A.M. ON THURSDAY, 31ST MAY, 2012
AT THE CIVIC CENTRE, OZUMBA MBADIWE,
VICTORIA ISLAND, 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 2011
Annual General Meeting of the Company to be held at 11.00
a.m. on Thursday, 31st May, 2012 and at any adjournment
thereof.

Dated this day of 2012

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.

RESOLUTION	FOR	AGAINST
1. To receive and consider the Accounts for the year ended 31st December 2011 and the Reports of the Directors, Auditors and Audit Committee thereon.		
2. To declare a dividend		
3. To re-elect Directors		
4. To re-appoint the Auditors		
5. To authorize the Directors to fix Auditors' remuneration		
6. To appoint 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
2011 ANNUAL GENERAL MEETING TO BE HELD AT 11.00 A.M.
ON THURSDAY, 31ST MAY, 2012 AT THE CIVIC CENTRE, OZUMBA MBADIWE,
VICTORIA ISLAND, 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



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

Printed by Academy Press Plc., Lagos.