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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 2010 will hold on Thursday, 30th June, 2011 at TAHIR HOTEL, KANO at 12 noon prompt to transact the following business:

## **ORDINARY BUSINESS**

1. To receive the Audited Financial Statements for the year ended 31st December, 2010 along with the reports of the Directors and Audit Committee thereon for the year 2010.
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.

## **SPECIAL BUSINESS**

To fix the remunerations of the Directors.

## **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 50 kobo per ordinary share of 50 kobo each, out of the profits declared in the financial year ended 31st December, 2010 and which will be subject to withholding tax at the appropriate rate.

## **DIVIDEND WARRANTS**

If approved, the dividend warrants will be posted on Monday, 11th July, 2011 to shareholders whose names appear in the Company Register of Members at the close of business on Friday, 17th June, 2011.

## **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, 20th June to Friday, 24th June, 2011 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 three shareholders and three Directors.

## **BY ORDER OF THE BOARD**



**A. A. SAMUEL**

*Company Secretary*

Dated this 24th day of May, 2011.

## **DANGOTE GROUP**

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

## Directors, Advisers and Other Corporate Information

### DIRECTORS

Alhaji Aliko Dangote	—	<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

1, Alfred Rewane Road  
Falomo  
Ikoyi, Lagos

### REGISTRAR AND TRANSFER OFFICE

Afribank Registrars  
Plot 2A, Gbagada Express  
Anthony Village  
Lagos

### AUDITORS

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

### BANKERS

Intercontinental Bank Plc  
Oceanic Bank International Plc  
Access Bank Plc  
UBA Plc  
Fidelity Bank Plc  
Afribank Plc  
Equitorial Trust Bank Plc  
Zenith Bank Plc

## Financial Highlights

	2010 N'000	2009 N'000
<b>PROFIT AND LOSS</b>		
Turnover	8,894,015	8,767,353
Profit before taxation	2,058,340	2,712,448
Taxation	(410,019)	(870,102)
Profit after taxation transferred to revenue reserve	1,648,321	1,842,346
Proposed final dividend	1,324,719	1,324,719
<b>BALANCE SHEET</b>		
Share capital	1,324,719	1,324,719
Shareholders' funds	4,955,134	4,631,532
<b>Per 50 kobo share data (kobo)</b>		
Earnings	62.0	70.0
Dividend	50.0	50.0

## Chairman's Statement



**Alhaji Aliko Dangote (CON)**  
*Chairman*

*F*ellow Shareholders, Invited Guests, My Colleagues on the Board, Gentlemen of the Press, Distinguished Ladies and Gentlemen,

I am very pleased to welcome you to the Annual General Meeting of our Company, National Salt Company of Nigeria Plc; and to present to you the Annual Report and Financial Statements for the year ended 31 December, 2010.

### 2010 PERFORMANCE

The operating environment in Nigeria continues to challenge the manufacturing sector as it could not achieve its full potential as a consequence of re-occurring problems of infrastructure, power outages, persistent increase in the prices of petroleum products, multiple taxation across the country, among other concerns which plague the business community. This resulted to higher costs of production and investment, leading to a lower than expected performance from the manufacturing segment of the economy. Your Board and Management were however, able to contain this situation, hence the results being laid before you today.

Distinguished Ladies and Gentlemen, notwithstanding, our Company posted a turnover of ₦8.9b, reflecting a percentage growth of 1.5% over the previous year. Operating profit before tax achieved was ₦2.06b, while our after tax profit was ₦1.65b, showing a decline when compared with previous year. This performance reflects the impact of the operating environment on our operational costs and our response by way of

measures and policies put in place to ensure our continued profitability. We are however committed to the continued growth of the business and we are implementing policies that will ensure your Company remains competitive so as to deliver sustainable returns to all stakeholders.

### DIVIDEND

As it is our practice to reward our shareholders, and in line with the overall result, the Board has recommended for your consideration and approval at this meeting, the payment of a dividend of ₦1.325 billion, representing 50 kobo for every 50 kobo ordinary share held.

### 2011 PROSPECTS

I must say that we have good prospects for 2011 and that we are committed to maintaining our leadership position in the Salt industry despite the increased competition in our sub-sector.

Your Board and Management are working on establishing the seasoning business and Tomato packing operations in Nigeria following 2 years of importing the Petti and Dangote brands. We believe that our plans should come into fruition in 2011, when we introduce the locally packed Dangote brand into the Nigerian market.

### 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 continue to be the most valued asset in the implementation and realisation of our goals and objectives. During the year we extended to them due incentives in acknowledgement of their roles. We thank them for their unflinching commitment and hard work, which have seen our Company through to where we are today.

### CONCLUSION

Ladies and Gentlemen, with the renewed commitment of our Board, Management and Staff, the Company is poised to move unto greater heights. Finally, I wish to express our sincere appreciation to all our shareholders and our numerous customers nationwide for your continued support and loyalty.

Thank you for listening.

**Alhaji Aliko Dangote (CON)**  
*Chairman*



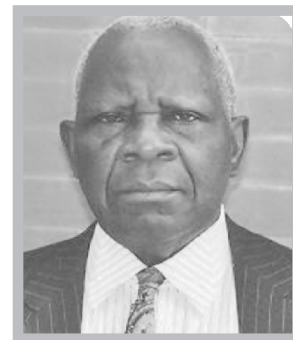
# BOARD OF DIRECTORS



**Alhaji Aliko Dangote (CON)**  
*Chairman*



**Mr. Ade Adeniji**  
*MD/CEO*



**Chief C. A. Atoki**  
*Director*



**Mr. Suleiman Olarinde**  
*Director*



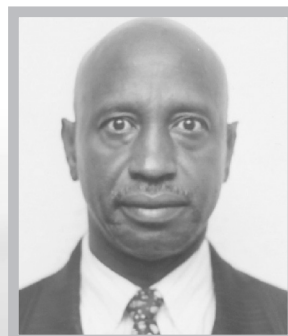
**Mr. Olakunle Alake**  
*Director*



**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 2010

## 1. ACCOUNTS

The Directors are pleased to submit their report together with the audited accounts of the Company for the year ended 31st December, 2010.

## 2. RESULT

**₦'000**

The Company's profit for the year after taxation was	1,648,321
Proposed final dividend for 2010	1,324,719

## 3. PRINCIPAL ACTIVITIES

The principal activities of the Company during the year are as follows — Processing of raw salt into edible salt as well as importation of Tomato Paste.

## 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, Alhaji Sani Dangote, Mr. Knut Ulmvoen and Alhaji Abdu Dantata 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' interest 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., 2010	As at 31 Dec., 2009	As at 30 April, 2011
(a)	Alhaji Aliko Dangote	—	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 2010

## 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 N'000	No. of Shares '000	Amount N'000	No. of Shares '000	Amount N'000	No. of Shares '000	Amount N'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	2,649,438	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

## 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. 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.



# Report of the Directors

For the year ended 31 December 2010

- 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 2010, 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 7 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, 2010 and the profit for the year ended on that date which have been adequately recognized.

## 11. COMPANY DISTRIBUTORS

The Company's products are distributed 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, 2010:

Range			No. of Holders	Per cent	Units	Per cent
1	—	1,000	19,736	56.65	7,961,275	0.30
1,001	—	10,000	9,238	26.52	16,777,168	0.63
10,001	—	50,000	4,248	12.19	18,752,192	0.71
50,001	—	100,000	765	2.20	96,173,490	3.63
100,001	—	500,000	650	1.87	56,118,922	2.12
500,001	—	1,000,000	96	0.28	141,179,493	5.33
1,000,001	—	5,000,000	85	0.24	61,193,641	2.31
5,000,001	—	10,000,000	9	0.03	227,007,478	8.57
10,000,001	—	50,000,000	8	0.02	376,511,162	14.21
50,000,001	—	100,000,000	3	0.01	1,647,763,557	62.19
100,000,001	—	10,000,000,000	1	0.00		
Grand Total			34,839	100.00	2,649,438,378	100.00

# Report of the Directors

For the year ended 31 December 2010

## 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 programmers 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 three shareholders and three Directors as follows:

Chief Aderemi Oyepeju	—	Shareholder/Chairman
Mr. Suleiman Olarinde	—	Director/Member
Alhaji Sada Ladan-Baki	—	Director/Member
Mr. J.S. Ajibola	—	Shareholder/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.

31 May, 2011

# 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.

## 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 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.

The Committee met three (3) times within the year.

Members of the Committee are:

Chief Aderemi Oyepeju	—	<i>Chairman/Shareholder Representative</i>
Mr. J. S. Ajibola	—	<i>Shareholder Representative</i>
Mr. Metu 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.

## Report of the Audit Committee

### TO THE MEMBERS OF NATIONAL SALT COMPANY OF NIG. PLC

In accordance with the provision of Section 359(6) of the Companies and Allied Matters Act, 1990, we have examined the Auditors' report for the year ended 31st December 2010. 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**

*Acting Chairman, Audit Committee*

Dated this 20th day of May, 2011

### Members of the Committee

Alhaji M. S. Ladan Baki

Mr. 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 15 to 29 which comprise the balance sheet as at 31 December 2010, the income statement, cash flow statement and statement of value added for the year then ended, and significant accounting policies, financial summary and other 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 2010, 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 income statement, 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 Nigerian Accounting Standards Board.

*Akintola Williams Deloitte*

Chartered Accountants

Lagos, Nigeria

*18 May* 2011



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Member of Deloitte Touche Tohmatsu Limited

# Statement of Significant Accounting Policies

## Year ended 31 December 2010

The following is a summary of significant accounting policies which have been 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 or 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.

**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 lease**

Assets under finance lease 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. 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, is determined using standard cost, which approximates actual cost, on a FIFO basis. Finished goods which include direct labour and factory overheads, is valued at standard cost adjusted at year-end on an actual cost basis. Engineering and other spares are valued at invoice price only.

**7. Foreign currencies**

Transactions in foreign currencies are recorded in Naira at the rates of exchange ruling at the time they arise. 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 specific provision for debts considered doubtful of recovery.

**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 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 and education taxes payable are provided on taxable and assessable profits respectively at the current statutory rate.

**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 overflow 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.

**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 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.

**15. Segmental reporting**

The Company derives its revenue from two product lines: edible/industrial salt and petti tomato paste and the turnover, cost of sales and gross profit have been segmented along this line in accordance with the Statement of Accounting Standard (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 consider 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 2010

	Note	2010 N'000	2009 N'000
Turnover	2	8,894,015	8,767,353
Cost of sales		(6,065,141)	(5,392,533)
Gross profit		2,828,874	3,374,820
Administrative expenses		(1,043,435)	(947,923)
Other operating income	3	178,286	23,822
Interest receivable and similar income	4	105,643	266,420
Operating profit	5	2,069,368	2,717,139
Interest payable and similar charges		(11,028)	(4,691)
Profit before taxation		2,058,340	2,712,448
Taxation	6	(410,019)	(870,102)
Profit after taxation transferred to revenue reserve	18	<u>1,648,321</u>	<u>1,842,346</u>
<b>Per share data (kobo)</b>			
Earnings	28	<u>62</u>	<u>70</u>


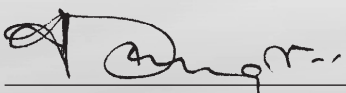
The accounting policies on page 15 and the explanatory notes on pages 19 to 27 form part of these financial statements.

# Balance Sheet

As at 31 December 2010

	Note	2010 N'000	2009 N'000
<b>FIXED ASSETS</b>	7	2,555,373	2,907,900
<b>CURRENT ASSETS</b>			
Stocks	8	915,198	883,229
Trade debtors	9	673,335	1,285,669
Other debtors and prepayments	10	894,128	676,257
Due from holding company	25	200,343	—
Due from other related parties	25	79,569	45
Short-term investments	11	743,361	1,642,051
Cash and bank balances	20	1,448,485	759,856
		<u>4,954,419</u>	<u>5,247,107</u>
<b>CREDITORS: Amounts falling due within one year</b>			
Bank overdrafts	20	5,236	8,528
Trade creditors		257,201	253,298
Other creditors and accruals	12	689,432	618,808
Taxation	6	719,814	764,613
Due to holding company	25	317,876	1,143,697
Due to other related parties	25	34,657	11,863
		<u>2,024,216</u>	<u>2,800,807</u>
<b>NET CURRENT ASSETS</b>		<u>2,930,203</u>	<u>2,446,300</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>5,485,576</u>	<u>5,354,200</u>
Deferred taxation	13	(209,630)	(458,437)
<b>CREDITORS: Amounts falling due after one year</b>			
Debenture loan	14	(38,570)	(38,570)
<b>PROVISION FOR LIABILITIES AND CHARGES</b>			
Staff gratuity	15	(282,242)	(225,661)
		<u><b>4,955,134</b></u>	<u><b>4,631,532</b></u>
<b>CAPITAL AND RESERVES</b>			
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	3,046,928	2,723,326
<b>SHAREHOLDERS' FUNDS</b>		<u><b>4,955,134</b></u>	<u><b>4,631,532</b></u>

The financial statements on pages 15 to 29 were approved by the Board of Directors on 18 May, 2011 and signed on its behalf by:

} Directors

The accounting policies on page 15 and the explanatory notes on pages 19 to 27 form part of these financial statements.

# Statement of Cash Flows

For the year ended 31 December 2010

	Note	2010 N'000	2009 N'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		9,773,864	8,411,091
Cash paid to suppliers and employees		(7,877,064)	(6,496,103)
Value added tax (net)		15,616	(3,389)
Tax paid	6	(703,625)	(422,369)
<b>Net cash provided by operating activities</b>	19	<u>1,208,791</u>	<u>1,489,230</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets	7	(185,456)	(1,285,184)
Interest received	4	105,643	266,420
<b>Net cash provided by investing activities</b>		<u>(79,813)</u>	<u>(1,018,764)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest paid		(11,028)	(4,691)
Dividend paid	18	(1,324,719)	(1,059,775)
<b>Net cash provided by financing activities</b>		<u>(1,335,747)</u>	<u>(1,064,466)</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(206,769)</u>	<u>(594,000)</u>
<b>Cash and cash equivalents at 1 January</b>		<u>2,393,379</u>	<u>2,987,379</u>
<b>Cash and cash equivalents at 31 December</b>	20	<u><b>2,186,610</b></u>	<u><b>2,393,379</b></u>



# Notes to the Financial Statements

For the year ended 31 December 2010

## 1. THE COMPANY

### 1.1 Legal form

National Salt Company of Nigeria Plc 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 and 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.

### 1.2 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 Petti tomato paste.

## 2. TURNOVER

Analysis of turnover by products is as follows:

	2010 N'000	2009 N'000
Edible/industrial salt	8,707,766	8,533,696
Petti tomato paste	186,249	233,657
	<b>8,894,015</b>	<b>8,767,353</b>

These have not been segmented because tomato paste business only accounted for about 2 per cent of the Company's total business operation.

## 3. OTHER OPERATING INCOME

	2010 N'000	2009 N'000
Sale of scraps	5,616	12,658
Hire of grabs	2,059	—
Rental income	12,677	—
Depreciation no longer required due to price review on haulage trucks (Note 7)	64,306	—
Provision for customers' bonus no longer required	93,628	—
Profit on sale of fixed assets	—	11,164
	<b>178,286</b>	<b>23,822</b>

## 4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2010 N'000	2009 N'000
Interest income on operating accounts	13	90
Interest income on fixed deposits	15,122	77,509
Interest income on commercial papers due from holding company	90,508	188,821
	<b>105,643</b>	<b>266,420</b>

# Notes to the Financial Statements

Year ended 31 December 2010

	2010 N'000	2009 N'000
<b>5. PROFIT BEFORE TAXATION</b>		
This is arrived at after charging/(crediting):		
Directors' emoluments (Note 21)	24,463	23,123
Depreciation of fixed assets	348,665	257,393
Provision for doubtful debts	184,473	191,682
Interest income	(105,643)	(266,420)
Profit on sale of fixed assets	—	(11,164)
Audit fee	9,000	8,400
Management fee (Note 24)	210,109	180,104
<b>6. TAXATION</b>		
<b>6.1 Per profit and loss account</b>		
Income tax based on profit for the year	605,800	655,970
Education tax	53,026	60,809
Penalty for late returns	—	565
	658,826	717,344
Deferred tax (Note 13)	(248,807)	152,758
	410,019	870,102
<b>6.2 Per balance sheet</b>		
At 1 January	764,613	469,638
Charge for the year	658,826	717,344
Payment during the year	(703,625)	(422,369)
At 31 December	719,814	764,613

The charge for income tax has been computed in accordance with the provisions of the Companies Income Tax Act, CAP C21, 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 2010

## 7. FIXED ASSETS

	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
<b>Cost/valuation</b>								
At 1 January 2010	377,319	842,978	36,442	1,750,423	20,475	21,526	509,396	3,558,559
Additions	—	—	339	—	—	—	185,117	185,456
Transfer (Note 7.2)	7,873	190,065	2,775	70,800	—	3,249	(274,762)	—
Elimination of price review on trucks (Note 7.4)	—	(253,006)	—	—	—	—	(618)	(253,624)
At 31 December 2010	<u>385,192</u>	<u>780,037</u>	<u>39,556</u>	<u>1,821,223</u>	<u>20,475</u>	<u>24,775</u>	<u>419,133</u>	<u>3,490,391</u>
<b>Depreciation</b>								
At 1 January 2010	60,487	196,602	22,007	334,908	16,788	19,867	—	650,659
Charge for the year	7,633	213,271	7,525	118,054	991	1,191	—	348,665
Elimination of price review on trucks (Note 7.4)	—	(64,306)	—	—	—	—	—	(64,306)
At 31 December 2010	<u>68,120</u>	<u>345,567</u>	<u>29,532</u>	<u>452,962</u>	<u>17,779</u>	<u>21,058</u>	<u>—</u>	<u>935,018</u>
<b>Net book value</b>								
At 31 December 2010	<u><b>317,072</b></u>	<u><b>434,470</b></u>	<u><b>10,024</b></u>	<u><b>1,368,261</b></u>	<u><b>2,696</b></u>	<u><b>3,717</b></u>	<u><b>419,133</b></u>	<u><b>2,555,373</b></u>
At 31 December 2009	<u>316,832</u>	<u>646,376</u>	<u>14,435</u>	<u>1,415,515</u>	<u>3,687</u>	<u>1,659</u>	<u>509,396</u>	<u>2,907,900</u>

- 7.1 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.
- 7.2 The transfer from work-in-progress relates mainly to remaining cost of haulage trucks financed by Dangote Industries Limited under truck financing scheme and thus have been taken to assets account.
- 7.3 Work-in-progress comprises of construction of a seasoning factory, indumak parts and a wheel loader.
- 7.4 Elimination of price review on trucks relates to reduction in the price of haulage trucks from suppliers and the adjustment of related depreciation.

# Notes to the Financial Statements

Year ended 31 December 2010

	2010 N'000	2009 N'000
<b>8. STOCKS</b>		
Raw materials	633,134	326,542
Finished goods	131,379	410,165
Engineering spares and other stocks	150,685	146,522
	<b>915,198</b>	<b>883,229</b>
<b>9. TRADE DEBTORS</b>		
Trade debtors	1,440,102	1,867,963
Provision for doubtful debts	(766,767)	(582,294)
	<b>673,335</b>	<b>1,285,669</b>
<b>10. OTHER DEBTORS AND PREPAYMENTS</b>		
Prepayments	117,128	32,277
Staff loan and advances	46,540	61,005
Rebate receivable from suppliers	471,146	426,560
Advance to suppliers of services	57,546	—
Advance to transporters	54,097	—
Deposit for tomato paste equipment	115,239	—
Insurance claim receivable	5,465	4,381
VAT receivable	26,967	26,967
Haulage expense recoverable	—	125,067
	<b>894,128</b>	<b>676,257</b>
<b>11. SHORT-TERM INVESTMENTS</b>		
<b>Commercial Papers</b>		
At 1 January	1,642,051	1,621,989
Addition in the year	—	20,062
Reduction in investment	(1,244,180)	—
At 31 December	397,871	1,642,051
<b>DIL Global Cash Management</b>		
Investment in the year	345,490	—
At 31 December	<b>743,361</b>	<b>1,642,051</b>

This amount represents 9% promissory note issued by Dangote Industries Limited for a period of 92 days and 5% DIL Global Cash Management respectively effective 1 January 2011.

# Notes to the Financial Statements

Year ended 31 December 2010

	2010 N'000	2009 N'000
<b>12. OTHER CREDITORS</b>		
Accrued expenses	247,720	259,603
Customers' deposit	388,602	299,373
WHT — payable	17,462	29,682
VAT payable	11,351	2,027
Pension (note 12.1)	24,297	28,123
	<b>689,432</b>	<b>618,808</b>
<b>12.1 Pension</b>		
At 1 January	28,123	17,799
Deductions during the year	44,534	38,401
Remittance	(48,360)	(28,077)
At 31 December	<b>24,297</b>	<b>28,123</b>
<b>13. DEFERRED TAXATION</b>		
At 1 January	458,437	305,679
(Write back)/charge for the year (Note 6.1)	(248,807)	152,758
	<b>209,630</b>	<b>458,437</b>
At 31 December	<b>38,570</b>	<b>38,570</b>
<b>14. DEBENTURE LOAN</b>		
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 into a debenture loan repayable in approximately twenty equal half yearly instalments commencing from June, 1991. The interest rate is 1% above the minimum rediscount rate and payable half yearly. The repayment schedule has not been complied with over the years. The Board of Directors has taken steps to obtain a waiver of the loan from the Federal Government of Nigeria.		
	2010 N'000	2009 N'000
<b>15. STAFF GRATUITY</b>		
At 1 January	225,661	173,535
Charge for the year	70,681	63,149
Payments during the year	(14,100)	(11,023)
At 31 December	<b>282,242</b>	<b>225,661</b>
<b>16. SHARE CAPITAL</b>		
<b>16.1 Authorised</b>		
4,000,000,000 ordinary shares of 50k	<b>2,000,000</b>	<b>2,000,000</b>
<b>Issued and fully paid</b>		
2,649,438,378 ordinary shares of 50k each.	<b>1,324,719</b>	<b>1,324,719</b>



# Notes to the Financial Statements

Year ended 31 December 2010

	2010 N'000	2009 N'000
<b>17. SHARE PREMIUM</b>		
At 31 December	<u>434,037</u>	<u>434,037</u>
<b>18. REVENUE RESERVE</b>		
At 1 January	2,723,326	1,940,755
Dividend paid	(1,324,719)	(1,059,775)
Transfer from profit and loss account	1,648,321	1,842,346
At 31 December	<u>3,046,928</u>	<u>2,723,326</u>

At the Annual General Meeting held on 16 September 2010, 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 2009. The cash dividend amounting to ₦1,324,719,189 was paid during the year. In respect of the current year, the Directors propose that a dividend of 50 kobo per share will be paid to shareholders. The dividend of ₦1,324,719,189 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.

	2010 N'000	2009 N'000
<b>19. RECONCILIATION OF PROFIT AFTER TAXATION TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Profit after taxation	1,648,321	1,842,346
Adjustments to reconcile net income to net cash provided:		
Depreciation	348,665	257,393
Adjustment to fixed assets	189,318	57,700
Interest received	(105,643)	(266,420)
Interest paid	11,028	4,691
<b>Changes in assets and liabilities</b>		
Increase in stocks	(31,969)	(155,199)
Decrease/(increase) in trade debtors	612,334	(65,138)
Increase in other debtors and prepayments	(217,871)	(566,930)
(Increase)/decrease in amount due from holding company	(200,343)	594,439
(Increase)/decrease in amount due from other related parties	(79,524)	41,186
Increase/(decrease) in trade creditors	3,903	(1,234,959)
Increase/(decrease) in other creditors and accruals	70,624	(504,678)
(Decrease)/increase in amount due to holding company	(825,821)	979,434
Increase in amount due to other related parties	22,794	5,505
(Decrease)/increase in taxation	(44,799)	294,975
(Decrease)/increase in deferred taxation	(248,807)	152,758
Increase in staff gratuity	56,581	52,127
Total adjustments	<u>(439,530)</u>	<u>(353,116)</u>
Net cash provided by operating activities	<u>1,208,791</u>	<u>1,489,230</u>

# Notes to the Financial Statements

Year ended 31 December 2010

	2010 N'000	2009 N'000
<b>20. RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	1,448,485	759,856
Short-term investment	743,361	1,642,051
Bank overdrafts	(5,236)	(8,528)
	<b>2,186,610</b>	<b>2,393,379</b>
<b>21. DIRECTORS</b>		
Directors' emoluments comprise:		
Fees	<b>400</b>	<b>400</b>
Sitting allowance	2,450	1,110
Others	23,368	21,613
	<b>25,818</b>	<b>22,723</b>
1. Highest paid Director	<b>22,013</b>	<b>22,013</b>
<b>22. EMPLOYEES</b>		
The number of employees with gross emoluments within the bands stated below are:		
	<b>Number</b>	<b>Number</b>
N'000 — N'000		
200 — 400	385	366
401 — 600	142	120
601 — 800	76	54
801 — 1,000	19	13
1,001 — 2,000	49	42
2,001 and above	15	17
	<b>686</b>	<b>612</b>
Average number of persons in the Company's employment in the financial year were as follows:		
Managerial	28	34
Senior staff	77	75
Junior staff	581	503
	<b>686</b>	<b>612</b>
	<b>N'000</b>	<b>N'000</b>
Salaries, allowances and other benefits	763,184	653,694
Gratuity	70,681	63,149
	<b>833,865</b>	<b>716,843</b>

# Notes to the Financial Statements

Year ended 31 December 2010

## 23. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

1. 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.
2. There is no contingent liability in respect of litigation against the Company.

## 24. 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.

## 25. RELATED PARTY TRANSACTIONS

### .1 Amount due from holding company

Dangote Industries Limited:

— Current account

2010 N'000	2009 N'000
200,343	—
<b>200,343</b>	<b>—</b>

### .2 Amount due to holding company

Dangote Industries Limited:

— Current account

At 1 January

Additions for the year

Price review on trucks

Payments during the year

At 31 December

—	325,882
817,815	164,263
—	653,552
(253,006)	—
(246,933)	—
<b>317,876</b>	<b>817,815</b>
<b>317,876</b>	<b>1,143,697</b>

### .3 Amount due from other related parties

Dangote Sugar Refineries Plc

Dangote Pasta Limited

79,524	45
45	—
<b>79,569</b>	<b>45</b>

### .4 Amount due to other related parties

Dangote Sugar Refineries Plc

Dangote Flour Mills Plc

Dangote Cement Plc, Obajana

—	1,458
26,854	280
7,803	10,125
<b>34,657</b>	<b>11,863</b>

- .5 Other related party transactions were carried out on commercial terms and conditions.

# Notes to the Financial Statements

Year ended 31 December 2010

## 26. 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, 2010 and on the profit for the year ended on that date which have not been adequately provided for or recognised.

## 27. COMPARATIVE FIGURES

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

## 28. 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.

## 29. RISK MANAGEMENT

### 29.1 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.

### 29.2 Bank guarantee scheme

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

### 29.3 Supply of raw salt

National Salt Company of Nigeria Plc maintains a guaranteed raw materials supply contract of with a major international supplier. This is in addition to trading relationship with other major raw salt suppliers.

### 29.4 Energy

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

### 29.5 Foreign exchange

The executive management is aware of the forex risk, especially as it relates to raw materials importation. However, though hedging instruments are not readily available in our market, the strategy on exports could help reduce the risk on forex risk in the long run. Also, the proposed forex forwards from Central Bank of Nigeria schedule to take off on 6 April 2011 is being studied with a view of taking full advantage of its benefits.

### 29.6 Logistics/distribution

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

## Statement of Value Added

For the year ended 31 December 2010

	2010		2009	
	N'000	%	N'000	%
Turnover	8,894,015		8,767,353	
Interest receivable and similar income	105,643		266,420	
Other income	178,286		23,822	
	<u>9,177,944</u>		<u>9,057,595</u>	
Less: Bought in materials and services:				
— Imported	(5,170,202)		(4,426,683)	
— Local	(755,844)		(939,537)	
<b>VALUE ADDED</b>	<b><u>3,251,898</u></b>	<b><u>100</u></b>	<b><u>3,691,375</u></b>	<b><u>100</u></b>
<b>APPLIED AS FOLLOWS:</b>				
<b>To pay employees:</b>				
Salaries, wages and other benefits	833,865	26	716,843	19
<b>To pay government:</b>				
Income tax	658,826	20	717,344	20
<b>To pay providers of capital:</b>				
Interest on loans, overdraft, etc	11,028	—	4,691	—
<b>To provide for replacement of assets and development:</b>				
Deferred tax	(248,807)	(8)	152,758	4
Depreciation	348,665	11	257,393	7
Profit and loss account	1,648,321	51	1,842,346	50
	<b><u>3,251,898</u></b>	<b><u>100</u></b>	<b><u>3,691,375</u></b>	<b><u>100</u></b>

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	2010 N'000	2009 N'000	2008 N'000	2007 N'000	2006 N'000
<b>ASSETS EMPLOYED</b>					
Fixed assets	2,555,373	2,907,900	1,937,810	1,416,520	59,699
Patent and trademark	—	—	—	—	1
Deferred charges	—	—	—	—	157,058
Net current assets/(liabilities)	2,930,203	2,446,300	2,428,935	2,368,852	(214,842)
Deferred taxation	(209,630)	(458,437)	(305,679)	(176,679)	—
Debenture loan	(38,570)	(38,570)	(38,570)	(38,570)	(38,570)
Provision for liabilities and charges	(282,242)	(225,661)	(173,535)	(136,309)	(2,779)
	<b><u>4,955,134</u></b>	<b><u>4,631,532</u></b>	<b><u>3,848,961</u></b>	<b><u>3,433,814</u></b>	<b><u>(39,433)</u></b>
<b>FINANCED BY</b>					
Share capital	1,324,719	1,324,719	1,324,719	1,103,932	39,978
Share premium	434,037	434,037	434,037	434,037	186,793
Revaluation reserve	149,450	149,450	149,450	149,450	149,450
Revenue reserve	3,046,928	2,723,326	1,940,755	1,746,395	(415,654)
	<b><u>4,955,134</u></b>	<b><u>4,631,532</u></b>	<b><u>3,848,961</u></b>	<b><u>3,433,814</u></b>	<b><u>(39,433)</u></b>
<b>TURNOVER, PROFIT AND TAXATION</b>					
Turnover	<b><u>8,894,015</u></b>	<b><u>8,767,353</u></b>	<b><u>7,888,276</u></b>	<b><u>6,252,575</u></b>	<b><u>13,437</u></b>
Profit/(loss) before taxation	2,058,340	2,712,448	1,897,617	1,752,331	(14,930)
Taxation	(410,019)	(870,102)	(599,324)	(492,458)	—
Profit/(loss) after taxation	<b><u>1,648,321</u></b>	<b><u>1,842,346</u></b>	<b><u>1,298,293</u></b>	<b><u>1,259,873</u></b>	<b><u>(14,930)</u></b>
<b>Per share data (kobo)</b>					
Earnings/(loss) — Basic	62	70	49	57	(19)
Earnings/(loss) — Diluted	62	70	49	48	(1)
Net assets/(liabilities)	<u>187</u>	<u>175</u>	<u>147</u>	<u>157</u>	<u>(49)</u>

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

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

## E-DIVIDEND MANDATE

The Registrar,  
**AFRIBANK REGISTRARS LTD.**  
2A, GBAGADA EXPRESSWAY,  
ANTHONY VILLAGE, LAGOS.  
Tel: 01-2799133-4, 7735963, 7735967  
Fax: 01-2799132  
P.M.B. 12974, LAGOS.  
Website: www.afribankregistrars.com  
E-mails: info@afribankregistrars.com  
customercare@afribankregistrars.com

### ABUJA BRANCH OFFICE

Afribank House  
3, Kaura Namoda Street,  
Off Tafawa Balewa Way  
Area 3, Garki  
Abuja F.C.T.  
Tel: 09-8700937, 8700074  
Abuja E-mail: abuja@afribankregistrars.com



Dear Sir,

I/We hereby request that all dividend(s) due to me/us from my/our holding in the under-listed Company(ies) be paid directly to my/our Bank named below:

NAME OF BANK  BRANCH

BANK ADDRESS

BANK ACCOUNT NO.

SHAREHOLDER'S FULL NAME

SURNAME

TITLE

OTHER NAMES

FULL ADDRESS

CSCS NO.  CHN NO.

BROKER'S NAME

MOBILE (GSM) NO.  LAND LINE

E-MAIL  FAX

SHAREHOLDER'S SIGNATURE(S)/COY SEAL

BANK'S AUTHORIZED SIGNATURE/STAMP

1

1

2

2

PLEASE TICK AS APPLICABLE

Afribank Nig. Plc	<input type="checkbox"/>
African Alliance Insurance Plc	<input type="checkbox"/>
African Petroleum Plc	<input type="checkbox"/>
Benue Cement Company Plc	<input type="checkbox"/>
Lasaco Assurance Plc	<input type="checkbox"/>
May & Baker Nigeria Plc	<input type="checkbox"/>
Multiverse Resources Plc	<input type="checkbox"/>

PLEASE TICK AS APPLICABLE

National Salt Company of Nig. Plc	<input type="checkbox"/>
Niger Insurance Plc	<input type="checkbox"/>
Nigerian Ropes Plc	<input type="checkbox"/>
Omatek Ventures Plc	<input type="checkbox"/>
Transnational Corporation of Nig. Plc	<input type="checkbox"/>
Udeofson Garment Factory Nig. Plc	<input type="checkbox"/>
Universal Insurance Company Plc	<input type="checkbox"/>

# Proxy Form

**NATIONAL SALT COMPANY OF NIG. PLC**  
**2010 ANNUAL GENERAL MEETING TO BE HELD**  
**AT 12 NOON ON THURSDAY, 30TH JUNE, 2011**  
**AT TAHIR HOTEL, KANO.**



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 2010 Annual General Meeting of the Company to be held at 12 noon on Thursday, 30th June, 2011 and at any adjournment thereof.

Dated this ..... day of ..... 2011

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 2010 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**  
**2010 ANNUAL GENERAL MEETING TO BE HELD AT 12 NOON**  
**ON THURSDAY, 30TH JUNE, 2011 AT TAHIR HOTEL, KANO.**

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**

Afribank Registrars  
Plot 2A, Gbagada Expressway  
Anthony Village  
Lagos



**NATIONAL SALT COMPANY OF NIG. PLC.**

RC. 11364