Dangote Cement Plc

Consolidated and Separate Financial Statements
31 December 2012

Dangote Cement Plc

Contents | Page

Dangote Cement Plc

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

The Directors are responsible for the preparation of the consolidated and separate financial statements that present fairly the financial position of Dangote Cement Plc ("Company") and its subsidiaries (hereinafter, the "Group") as of 31 December 2012, and the results of its operations, cash flows and changes in shareholders' equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

In preparing the consolidated and separate financial statements, the Directors are responsible for:

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

The Directors are also responsible for:

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

The consolidated and separate financial statements of the Group for the year ended 31 December 2012 were approved by the Directors on 27 March 2013.

On behalf of the Directors of the Group:

Aliko Dangote, GCON	Olakunle Alake
Chairman, Board of Directors	Director

Deloitte.

Akintola Williams Deloitte
235 Ikorodu Road, Ilupeju
P.O. Box 965, Marina
Lagos
Nigeria

Tel: +234 1 271 7800
Fax: +234 1 271 7801
www.deloitte.com/ng

AHMED ZAKARI & CO.
CHARTERED ACCOUNTANTS

5th Floor, African Alliance Building
F1, Sani Abacha Way
P.O.Box 6500
Kano
Tel: 064-645400, 646447
Fax: 064-200888
E-mail: ismailazakari@yahoo.com

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

Dangote Cement Plc.

Report on the Financial Statements

We have audited the accompanying consolidated and separate financial statements of **Dangote Cement Plc. and its subsidiaries** which comprise the consolidated and separate statements of financial position as at 31 December 2012, 31 December 2011 and 1 January 2011, the consolidated and separate profit or loss and other comprehensive income, consolidated and separate statement of changes in equity, consolidated and separate statement of cash flows for the years ended 31 December 2012 and 31 December 2011, a summary of significant accounting policies and other explanatory information set out on pages 8 to 69.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with the Companies and Allied Matters Act CAP C20 LFN 2004, the Financial Reporting Council of Nigeria Act No 6, 2011, the International Financial Reporting Standards and for such internal control as the Directors determine are necessary to enable the preparation of consolidated 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 consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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

Akintola Williams Deloitte
Chartered Accountants
Lagos, Nigeria
19 April 2013
FRC number: FRC/2013/ICAN/00000000871

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A 184590

Ahmed Zakari & Co.
Chartered Accountants
Lagos, Nigeria
19 April 2013
FRC number: FRC/2013/ICAN/0000000749

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A 255314

Dangote Cement Plc

Consolidated and separate statement of profit or loss and other comprehensive income
For the year ended 31 December 2012

	Notes	Group Year ended 31/12/12 N'000	Group Year ended 31/12/11 N'000	Company Year ended 31/12/12 N'000	Company Year ended 31/12/11 N'000
Revenue	5	298,454,068	241,405,977	285,635,278	241,405,977
Cost of sales	7	(118,304,340)	(97,707,942)	(106,326,020)	(97,707,942)
Gross profit		180,149,728	143,698,035	179,309,258	143,698,035
Administrative expenses	8	(22,953,374)	(14,647,084)	(20,789,983)	(14,647,084)
Selling and distribution expenses	9	(15,104,982)	(11,959,200)	(14,789,012)	(11,959,200)
Other income	11	4,400,440	650,510	4,374,446	650,510
Profit from operating activities		146,491,812	117,742,261	148,104,709	117,742,261
Finance income	10	2,414,734	1,479,948	2,391,030	1,479,948
Finance costs	10	(13,258,957)	(5,442,653)	(12,407,023)	(5,442,653)
Profit before tax		135,647,589	113,779,556	138,088,716	113,779,556
Income tax credit	14	16,285,624	7,635,957	14,836,382	7,635,957
Profit for the year		151,933,213	121,415,513	152,925,098	121,415,513
Other comprehensive income, net of income tax:					
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences		(2,037,809)	-	-	-
Items that will not be reclassified to profit & loss:					
Defined benefit plan actuarial losses		(272,336)	(473,946)	(272,336)	(473,946)
Other comprehensive income for the year, net of income tax		(2,310,145)	(473,946)	(272,336)	(473,946)
Total comprehensive income for the year		149,623,068	120,941,567	152,652,762	120,941,567
Profit for the year attributable to:					
Owners of the Company		152,020,690	121,415,513	152,925,098	121,415,513
Non-controlling interests		(87,477)	-	-	-
		151,933,213	121,415,513	152,925,098	121,415,513
Total comprehensive income for the year attributable to:					
Owners of the Company		150,304,492	120,941,567	152,652,762	120,941,567
Non-controlling interests		(681,424)	-	-	-
		149,623,068	120,941,567	152,652,762	120,941,567
Earnings per share, basic and diluted (Naira)	13	8.92	7.13	8.98	7.13

The accompanying notes on pages 8 to 66 and non IFRS statements on pages 67 to 69 form an integral part of these consolidated and separate financial statements.

Dangote Cement Plc

Consolidated and separate statement of financial position
At 31 December 2012

		Group			Company		
	Notes	31/12/12 N'000	31/12/11 N'000	1/1/11 N'000	31/12/12 N'000	31/12/11 N'000	1/1/11 N'000
Assets							
Non-current assets							
Property, plant and equipment	15	478,091,577	397,711,067	305,655,317	377,864,231	348,844,271	305,655,317
Intangible assets	16	1,726,734	1,797,127	54,437	848	8,650	54,437
Investments	17	-	50	50	25,096,917	27,622,401	50
Deferred tax assets	14.3	24,937,023	7,948,746	-	23,572,556	7,948,746	-
Prepayments	18	45,015,692	52,395,768	5,358,404	21,062,209	25,650,934	5,358,404
Total non-current assets		549,771,026	459,852,758	311,068,208	447,596,761	410,075,002	311,068,208
Current assets							
Inventories	19	32,477,938	14,350,529	14,028,597	30,853,539	13,438,142	14,028,597
Trade and other receivables	20	15,776,078	18,530,318	12,260,862	4,990,785	3,394,812	12,260,862
Due from related parties	29.1	4,121,465	6,044,944	31,895,927	90,047,435	74,554,538	31,895,927
Prepayments	18	27,094,397	4,868,396	5,752,991	24,279,076	4,811,904	5,752,991
Cash and cash equivalents	30	44,425,319	22,836,467	21,276,664	41,698,513	17,771,523	21,276,664
Total current assets		123,895,197	66,630,654	85,215,041	191,869,348	113,970,919	85,215,041
TOTAL ASSETS		673,666,223	526,483,412	396,283,249	639,466,109	524,045,921	396,283,249
Equity & liabilities							
Equity							
Share capital	21	8,520,254	7,745,685	7,745,685	8,520,254	7,745,685	7,745,685
Share premium	21	42,430,000	42,430,000	42,430,000	42,430,000	42,430,000	42,430,000
Capital contribution	24(c)	2,876,642	2,876,642	2,828,497	2,828,497	2,828,497	2,828,497
Currency translation reserve		(1,443,862)	-	-	-	-	-
Employee benefit reserve		(746,282)	(473,946)	-	(746,282)	(473,946)	-
Retained earnings	22	361,130,672	229,245,844	155,233,841	374,574,125	241,787,810	155,233,841
Equity attributable to owners of the Company		412,767,424	281,824,225	208,238,023	427,606,594	294,318,046	208,238,023
Non-controlling interests		7,234,467	8,546,661	-	-	-	-
Total equity		420,001,891	290,370,886	208,238,023	427,606,594	294,318,046	208,238,023
Non-current liabilities							
Deferred tax liabilities	14.3	530,227	589,032	1,924,400	-	-	1,924,400
Borrowings	24	112,462,464	116,766,429	80,504,837	83,050,601	116,766,429	80,504,837
Provisions for liabilities and other charges	26	487,310	466,893	319,370	274,782	141,823	319,370
Retirement benefits obligation	27	1,743,676	1,372,514	913,632	1,743,676	1,372,514	913,632
Deferred revenue	25	2,410,391	1,090,176	-	2,410,238	1,090,176	-
Total non-current liabilities		117,634,068	120,285,044	83,662,239	87,479,297	119,370,942	83,662,239
Current liabilities							
Bank overdraft	30	1,262,966	4,517,847	36,440	-	4,169,563	36,440
Trade and other payables	23	63,171,933	46,378,848	39,888,015	54,110,567	41,505,720	39,888,015
Current income tax payable	14.2	2,504,925	4,282,385	3,196,823	2,504,925	4,276,176	3,196,823
Deferred revenue	25	602,101	257,720	-	602,101	240,207	-
Borrowings	24	50,433,729	30,445,466	52,519,072	50,433,729	30,445,466	52,519,072
Due to related parties	29.1	18,054,610	29,945,216	8,742,637	16,728,896	29,719,801	8,742,637
		136,030,264	115,827,482	104,382,987	124,380,218	110,356,933	104,382,987
Total equity and liabilities		673,666,223	526,483,412	396,283,249	639,466,109	524,045,921	396,283,249

The accompanying notes on pages 8 to 66 and non IFRS statements on pages 67 to 69 form an integral part of these consolidated and separate financial statements.

Aliko Dangote, GCON
Chairman, Board of Directors
FRC No:
FRC/2013/IODN/00000001766

D.V.G Edwin
M.D/CEO
FRC No:
FRC/2013/NSE/00000002070

Olakunle Alake
Director
FRC No:
FRC/2013/ICAN/00000002214

Dangote Cement Plc

Consolidated statement of changes in equity
For the year ended 31 December 2012

	Share capital N'000	Share premium N'000	Retained earnings N'000	Employee benefit reserve N'000	Currency translation reserve N'000	Capital contribution N'000	Attributable to the owners of the parent N'000	Non-controlling interests N'000	Total N'000
Balance at 1 January 2011	7,745,685	42,430,000	155,233,841	-	-	2,828,497	208,238,023	-	208,238,023
Profit for the year	-	-	121,415,513	-	-	-	121,415,513	-	121,415,513
Other comprehensive income for the year, net of income tax	-	-	-	(473,946)	-	-	(473,946)	-	(473,946)
Total comprehensive income for the year	-	-	121,415,513	(473,946)		-	120,941,567	-	120,941,567
Effect of acquisition of subsidiaries under common control	-	-	(12,541,966)	-	-	48,145	(12,493,821)	8,546,661	(3,947,160)
Payment of dividends	-	-	(34,861,544)	-	-	-	(34,861,544)	-	(34,861,544)
Balance at 1 January 2012	7,745,685	42,430,000	229,245,844	(473,946)	-	2,876,642	281,824,225	8,546,661	290,370,886
Profit for the year	-	-	152,020,690	-	-	-	152,020,690	(87,477)	151,933,213
Other comprehensive income for the year net of income tax	-	-	-	(272,336)	(1,443,862)	-	(1,716,198)	(593,947)	(2,310,145)
Total comprehensive income for the year	-	-	152,020,690	(272,336)	(1,443,862)	-	150,304,492	(681,424)	149,623,068
Effect of acquisition of subsidiaries under common control	-	-	2,921	-	-	-	2,921	(630,770)	(627,849)
Bonus shares (Note 22.2)	774,569	-	(774,569)	-	-	-	-	-	-
Payment of dividends (Note 22.1)	-	-	(19,364,214)	-	-	-	(19,364,214)	-	(19,364,214)
Balance at 31 December 2012	8,520,254	42,430,000	361,130,672	(746,282)	(1,443,862)	2,876,642	412,767,424	7,234,467	420,001,891

The accompanying notes on pages 8 to 66 and non IFRS statements on pages 67 to 69 form an integral part of these consolidated and separate financial statements.

Dangote Cement Plc

Separate statement of changes in equity
For the year ended 31 December 2012

	Share capital N'000	Share premium N'000	Capital contribution N'000	Retained earnings N'000	Employee benefit reserves N'000	Total N'000
Balance at 1 January 2011	7,745,685	42,430,000	2,828,497	155,233,841	-	208,238,023
Profit for the year	-	-	-	121,415,513	-	121,415,513
Other comprehensive income for the year, net of income tax	-	-	-	-	(473,946)	(473,946)
Total comprehensive income for the year	-	-	-	121,415,513	(473,946)	120,941,567
Payment of dividends	-	-	-	(34,861,544)	-	(34,861,544)
Balance at 31 December 2011	7,745,685	42,430,000	2,828,497	241,787,810	(473,946)	294,318,046
Profit for the year	-	-	-	152,925,098	-	152,925,098
Other comprehensive income for the year, net of income tax	-	-	-	-	(272,336)	(272,336)
Total comprehensive income for the year	-	-	-	152,925,098	(272,336)	152,652,762
Bonus shares (Note 22.2)	774,569	-	-	(774,569)	-	-
Payment of dividends (Note 22.1)	-	-	-	(19,364,214)	-	(19,364,214)
Balance at 31 December 2012	8,520,254	42,430,000	2,828,497	374,574,125	(746,282)	427,606,594

The accompanying notes on pages 8 to 66 and non IFRS statements on pages 67 to 69 form an integral part of these consolidated and separate financial statements.

Dangote Cement Plc

Consolidated and separate statement of cash flows
For the year ended 31 December 2012

	Group		Company	
	Year ended 31/12/12 N'000	**Year ended 31/12/11 N'000**	**Year ended 31/12/12 N'000**	**Year ended 31/12/11 N'000**
Cash flows from operating activities				
Profit before tax	135,647,589	113,779,556	138,088,716	113,779,556
Changes in working capital				
Adjustments for:				
Depreciation	27,593,659	16,089,202	27,267,634	16,089,202
Write off of property, plant and equipment	399,202	848,131	397,436	848,131
Amortisation of intangible assets	27,140	45,787	7,801	45,787
Impairment loss on investment and receivables from related parties	2,026,828	-	2,026,828	-
Finance cost	12,425,621	5,511,983	12,210,419	5,511,983
Interest income	(2,213,027)	(1,479,948)	(2,189, 323)	(1,479,948)
Amortisation of deferred revenue	(558,636)	(104,523)	(541,277)	(104,523)
Provision for restoration	20,417	(177,547)	132,959	(177,547)
Provisions for employee benefits	616,505	330,049	616,505	330,049
Amortisation of long term prepayment - gas pipeline	4,283,001	1,052,673	4,283,001	1,052,673
	180,268, 299	135,895,363	182,300,699	135,895,363
Changes in working capital:				
Change in inventory	(12,829,351)	(173,334)	(12,117,341)	(173,334)
Change in trade and other receivables	(15,982,272)	(11,538,065)	(17,599,991)	(11,538,065)
Change in due from related parties	(323,793)	(40,984,391)	(17,740,166)	(40,984,391)
Change in due to related parties	(12,626,835)	20,977,164	(13,727,132)	20,977,164
Change in trade and other payables	17,097,699	1,617,704	12,909,466	1,617,704
Gratuity paid	(517,677)	(345,114)	(517,677)	(345,114)
Income tax paid	(2,538,919)	(1,157,836)	(2,558,679)	(1,157,836)
Net cash generated from operating activities	152,547,151	104,291,491	130,949,179	104,291,491
Investing activities				
Interest received	2,213,027	1,479,948	2,189,323	1,479,948
Additions to intangible assets	(64,978)	-	-	-
Acquisition of property, plant and equipment	(129,068,608)	(59,362,498)	(76,043,345)	(59,362,498)
Cash and cash equivalents received on acquisition under common control	-	4,716,660	-	-
Proceeds from disposal of property, plant and equipment	10,902,824	-	10,902,824	-
Net cash used in investing activities	(116,017,735)	(53,165,890)	(62,951,198)	(57,882,550)
Financing activities				
Interest paid	(12,072,027)	(2,323,280)	(11,856,826)	(2,323,280)
Dividend paid	(19,364,214)	(34,861,544)	(19,364,214)	(34,861,544)
Loans obtained	59,911,863	9,804,284	30,500,000	9,804,284
Loans repaid	(39,180,384)	(26,666,665)	(39,180,388)	(26,666,665)
Net cash used in financing activities	(10,704,762)	(54,047,205)	(39,901,428)	(54,047,205)
Increase/(decrease) in cash and cash equivalent	25,824,654	(2,921,604)	28,096,553	(7,638,264)
Effects of exchange rate changes on the balance of cash held in foreign currencies	(980,921)	-	-	-
Cash and cash equivalents at beginning of year	18,318,620	21,240,224	13,601,960	21,240,224
Cash and cash equivalents at end of year	43,162,353	18,318,620	41,698,513	13,601,960

The accompanying notes on pages 8 to 66 and non IFRS statements on pages 67 to 69 form an integral part of these consolidated and separate financial statements.

Notes to the consolidated and separate financial statements
For the year ended 31 December 2012

1. General information

Dangote Cement Plc ("the Company") was incorporated in Nigeria as a public limited liability company on 4 November, 1992 and commenced operations in January 2007 under the name Obajana Cement Plc. The name was changed on 14 July 2010 to Dangote Cement Plc.

Its parent company is Dangote Industries Limited ("DIL" or "the Parent Company"). Its ultimate controlling party is Alhaji Aliko Dangote.

The registered address of the Company is located at 1 Alfred Rewane Road, Ikoyi, Lagos, Nigeria.

The principal activity of the Company and subsidiaries (together referred to as "the Group") is to operate plants for the preparation, manufacture, and distribution of cement and related products. The Company's production activities are currently undertaken at Obajana town in Kogi State, Gboko in Benue State and Ibese in Ogun State; all in Nigeria. Information in respect of the subsidiaries locations is disclosed in note 17.

The consolidated financial statements of the Company for the year ended 31 December 2012 comprise the Company and its subsidiaries.

The separate financial statements of the Company for the year ended 31 December 2012 comprise the Company only.

These consolidated and separate financial statements for the year ended 31 December 2012 have been approved for issue by the Directors on 27 March 2013.

2. Significant accounting policies

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

2.1 Basis of preparation

The consolidated and separate financial statements have for the first time, been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (together "IFRS") that are effective at 31 December 2012 (the Company's first reporting date under IFRS) and requirements of the Companies and Allied Matters Act (CAMA) of Nigeria and the Financial Reporting Council (FRC) Act of Nigeria. For periods up to and including the year ended 31 December 2011, the Company prepared its financial statements in accordance with locally generally accepted accounting principles.

The date of transition to IFRS for the Company and the date of its opening IFRS statement of financial position was 1 January 2011. In preparing these financial statements, the Company's opening financial position was prepared at 1 January 2011, being the date of the Company's transition to IFRS. The main differences between IFRS and previously applied accounting principles generally accepted in Nigeria and the special regulations of the Financial Reporting Council, collectively "Nigerian's GAAP" and effect of implementing IFRS on the Company statement of financial position and total equity as at 1 January 2011 and 31 December 2011 and on the Company's statement of profit and loss and other comprehensive income for the year ended 31 December 2011 are included in Note 34.

On initial adoption of IFRS, the Company applied the following exemptions from the requirements of IFRS and from their retrospective application as permitted by IFRS 1 "First-time Adoption of International Financial Reporting Standards" ("IFRS 1").

2. Significant accounting policies (continued)

Business Combinations

The Company has chosen not to restate business combinations that occurred prior to 1 January 2011 to comply with IFRS 3 "Business combinations".

Plant and equipment

Net book value of property, plant and equipment under Nigerian GAAP are deemed to be carried at cost for subsequent accounting under IFRS.

Employee benefits

All cumulative actuarial gains and losses on defined pension schemes have been recognised in retained erarnings at the transition date, 1 January 2011.

Borrowing costs

The Company has applied the transitional provisions in IAS 23 "Borrowing costs" and capitalises borrowing costs on assets where construction was commenced on or after the date of transition.

In accordance with IFRS, the Company has not revised its estimates required under IFRS that were also required under local GAAP as at 1 January 2011 and 31 December 2011 and, in addition, where estimates were not required under local GAAP, they have been based on information known at that time and not on subsequent events.

IFRS 1 also enforces some mandatory exceptions to retrospective application of IFRS: de-recognition of financial assets and financial liabilities, hedge accounting, accounting for changes in estimates, embedded derivatives and classification and measurement of financial assets. The Company has applied IFRS requirements on these items prospectively.

The consolidated and separate financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

All accounting policies applied at 31 December 2012 and described in these financial statements have been applied consistently to all periods presented.

2.1.1 Subsidiaries

Subsidiaries are entities controlled by the Group and hence fully consolidated. Control exists when the Group has the power directly or indirectly, to govern the financial and operating policies of a company so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners' of the Company and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment that has been recognised in profit or loss.

2.1.2 Transactions eliminated on consolidation

All intra-group balances and any gain and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

2. Significant accounting policies (continued)

2.2 Non-controlling interest

Non-controlling interest is the equity in a subsidiary not attributable, directly or indirectly, to a parent company and is presented separately in the consolidated statement of profit or loss, in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position. Total comprehensive income attributable to non-controlling interests is presented on the line "Non-controlling interests" in the statement of financial position, even if it can create negative non-controlling interests.

Changes in the ownership interest of a subsidiary that do not result in loss of control are accounted for as an equity transaction. Consequently, if Company acquires or partially disposes of a non-controlling interest in a subsidiary, without losing control, any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognized directly in retained earnings.

2.3 Acquisition of entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted prospectively as of the date that transfer of interest was effected. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The difference between the consideration paid and the net assets acquired is accounted for directly in equity.

2.4 Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, Value Added Tax and volume rebates.

2.4.1 Goods sold

Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Amount related to shipping and handling whether included as part of sales price or billed separately is recorded as revenue, and costs incurred for shipping and handling are classified under "selling and distribution expenses".

2.4.2 Finance income

Finance income comprises interest income on short-term deposits with bank, dividend income, changes in the fair value of financial assets at fair value through profit or loss and foreign exchange gains.

Dividend income from investments is recognised in profit and loss when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income on short-term deposits is recognised by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2. Significant accounting policies (continued)

2.5 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

However, borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of that asset. The capitalisation of borrowing costs commences from the date of incurring of expenditure relating to the qualifying asset and ceases when all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. The interest rate used to determine the amount of capitalized interest cost is the actual interest rate when there is a specific borrowing facility related to construction project or the Group's average borrowing interest rate. Borrowing costs relating to the period after acquisition, construction or production are expensed. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. The borrowing costs capitalised may not exceed the actual interest incurred by the Group.

2.6 Foreign currency

2.6.1 Functional and presentation currency

These consolidated and separate financial statements are presented in the Nigerian Naira (N), which is the Group's functional currency. All financial information presented in Naira has been rounded to the nearest thousand.

2.6.2 Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks (see note 2.10.5); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

2. Significant accounting policies (continued)

2.6 Foreign currency (continued)

2.6.3 Foreign operations

In the Group's consolidated financial statements, all assets and liabilities of Group entities with a functional currency other than the Naira are translated into Naira upon consolidation. On consolidation, assets and liabilities have been translated at the closing rate at the reporting date. Income and expenses have been translated into the Naira at the average rate over the reporting period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used.

Exchange differences are charged/credited to other comprehensive income and recognized in currency translation reserve in equity. The exchange differences arising on the translation are taken directly to a separate component of other comprehensive income "Foreign currency translation adjustments". On the partial or total disposal of a foreign entity with a loss of control, the related share in the cumulative translation differences recognised in equity is recognised in the consolidated statement of profit and loss.

2.7 Property, plant and equipment

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

Cost includes expenditure that is directly attributable to the acquisition of the assets. Property, plant and machinery under construction are disclosed as capital work-in-progress. The cost of construction recognised includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use. Borrowing costs on qualifying assets in accordance with the Group's accounting policy and the costs of dismantling and removing the items and restoring the site on which they are located if the Group has a legal or constructive obligation.

When parts of an item of property, plant and equipment have different useful lives and are individually significant in relation to total cost of an item, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefit embodied within the component will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The cost of day to day servicing of the property plant and equipment is recognised in profit or loss as incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.7.1 Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value (except for freehold land and properties under construction). Depreciation is recognized within "Cost of sales" and "Administrative and selling expenses," depending on the utilization of the respective assets on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term in which case the assets are depreciated over their useful life on the same basis as owned assets. Strategic spare parts with high value and held for commissioning of a new plant or for infrequent maintenance of plants are capitalised and depreciated over the shorter of their useful life and the remaining life of the plant from the date such strategic spare parts are capable of being used for their intended use.

2. Significant accounting policies (continued)

2.7 Property, plant and equipment (continued)

2.7.1 Depreciation (continued)

Major overhaul expenditure, including replacement spares and labour costs, is capitalised and amortised over the average expected life between major overhauls. All other replacement spares and other costs relating to maintenance of plant are charged to profit or loss on consumption or as incurred respectively.

	Life (years)
Leasehold land improvement	Over the lease period
Buildings	25
Plant and machinery	10 - 25
Power plants	5 – 25
Cement plants	5 - 25
Motor vehicles	4
Computer hardware	3
Furniture and equipment	5
Aircraft and related components	5-25

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2.8.1 Intangible assets

In accordance with criteria set out in IAS 38 – "Intangible assets", intangible assets are recognised only if identifiable; controlled by the entity because of past events; it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. Intangible assets primarily include amortizable items such as software, mineral rights, as well as certain development costs that meet the IAS 38 criteria.

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Intangible assets are amortized using the straight-line method over their useful lives ranging from two to seven years. Amortization expense is recorded in "Cost of sales" and "Selling and distribution expenses" or administrative expenses, based on the function of the underlying assets. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Exploration assets are carried at cost less any impairment losses. All costs, including overhead costs directly associated with the specific project are capitalised. The directors evaluate each project at each period end to determine if the carrying value should be written off. In determining whether expenditure meet the criteria to be capitalised, the directors use information from several sources, depending on the level of exploration.

Purchased exploration and evaluation assets are recognised at the cost of acquisition or at the fair value if purchased as part of a business combination. Exploration assets are not amortised as it will only be available for use once transferred to the development cost of the project.

When the technical and commercial feasibility of a project has been established, the relevant exploration assets are transferred to development costs. No further exploration costs for the project will be capitalised. The costs transferred to development costs will be amortised over the life of the project based on the expected flow of economic resources associated with the project.

2. Significant accounting policies (continued)

2.8.2 Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2.8.3 Derecognition of intangible assets

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

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value, with appropriate provisions for old and slow moving items. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Cost is determined as follows:

Raw Materials

Raw Materials which include purchase cost and other costs incurred to bring the materials to their location and condition are valued using weighted average cost.

Work in progress

Cost of work in progress includes cost of raw material, labour, production and attributable overheads based on normal operating capacity. Work in progress is valued using weighted average cost.

Finished goods

Cost is determined using the weighted average method and includes cost of material, labour, production and attributable overheads based on normal operating capacity.

Spare parts and consumables

Spare parts which are expected to be fully utilized in production within the next operating cycle and other consumables are valued at weighted average cost after making allowance for obsolete and damaged stocks.

2. Significant accounting policies (continued)

2.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets are classified into the following specified categories: financial assets ‘at fair value through profit or loss' (FVTPL), of which financial instruments are further classified as either held for trading(“HFT”) or designated at fair value option (“FVO”), ‘held-to-maturity' investments, ‘available-for-sale' (AFS) financial assets and ‘loans and receivables' (which include amounts to related parties, loans and receivables). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial instruments are recognised in the consolidated and separate statements of financial position when a member of the Group or the Company becomes a party to the contractual obligations of the instrument. Regular way purchases or sales of financial assets, i.e. purchases or sales under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned, are accounted for at the trade date.

Initially, financial instruments are recognized at their fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are only recognized in determining the carrying amount, if the financial instruments are not measured at fair value through profit or loss. For financial instruments classified as FVTPL transaction costs incurred are recognized in profit and loss. Subsequently, financial assets and liabilities are measured according to the category to which they are assigned. The Group does not make use of the option to designate financial assets or financial liabilities at fair value through profit or loss at inception (Fair Value Option). The Group does not have any financial assets classified as available for sale or held to maturity.

2.10.1 Cash and cash equivalents

The Group considers all highly liquid unrestricted investments with less than three months maturity from the date of acquisition to be cash equivalents. Bank overdrafts that are repayable on demand and form an integral part of the Group’s cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

2.10.2 Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction cost. Financial assets classified as loans and receivables are subsequently measured at amortized cost using the effective interest method less any impairment losses.

The Group does not make use of the option to designate financial assets or financial liabilities at fair value through profit or loss at inception (Fair Value Option).

2.10.3 Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

2.10.4 Financial liabilities and equity instruments

Classification as debt or equity

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

2. Significant accounting policies (continued)

2.10.4.1 Equity instruments

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

2.10.4.2 Financial liabilities

Financial liabilities are classified as either FVTPL or ‘other financial liabilities' (which include loans from banks and related parties and trade and other payables).

The Group subsequently measures financial liabilities, except for derivative financial instruments, at amortised cost using the effective interest method.

2.10.5 Derivative financial instruments

Derivative financial instruments, such as foreign currency exchange contracts and interest rate swap contracts, are measured at fair value. Derivative financial instruments are classified as held for trading unless they are designated as hedging instruments, for which hedge accounting is applied. Changes in the fair value of derivative financial instruments are recognised at each reporting date either in profit and loss or, in the case of a cash flow hedge or net investment hedge, in other comprehensive income, net of tax. Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at FVTPL.

2.10.6 De-recognition of financial liabilities

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

2.10.7 Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.10.8 Effective interest method

The effective interest method is a method of calculating the amortised cost of an interest bearing financial instrument and of allocating interest income and expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees and points paid or received that

form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

2. Significant accounting policies (continued)

2.11 Impairment

2.11.1 Financial assets

A financial asset, other than at FVTPL, is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events that occurred after the initial recognition of the financial assets have had a negative effect on the estimated future cash flows of that asset.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of an equity security below its cost is considered to be objective evidence of impairment.

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

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

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period by 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between the carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss of an available for sale financial asset is calculated by reference to its current fair value. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortised cost that are debt securities, the reversal is recognized in profit or loss.

2. Significant accounting policies (continued)

2.11.2 Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.12 Taxation

2.12.1 Current tax

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

2.12.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Deferred tax is not recognized for the following temporary differences: (i) the initial recognition of goodwill, (ii) the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and (iii) differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

2. Significant accounting policies (continued)

2.12.3 Current and deferred tax for the year

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

2.12 Government grants

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

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

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

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. The amount recognised as government grant is recognised in profit or loss over the period the related expenditure is incurred.

2.13 Employee benefits

2.13.1 Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided by the employee.

2.13.2 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

2.13.3 Defined benefit plans

Estimates of the Group’s termination benefit obligations are calculated periodically, in accordance with the provisions of IAS 19– Employee Benefits, with the assistance of independent actuaries, using the projected unit credit method. This method considers best estimate actuarial assumptions including the probable future length of the employees’ service, the employees’ final pay, the expected average life expectancy and probable turnover of beneficiaries. The Group’s obligations are discounted based upon appropriate discount rates. The obligations are recognised based upon the proportion of benefits earned by employees as services are rendered.

2. Significant accounting policies (continued)

2.13 Employee benefits (continued)

2.13.3 Defined benefit plans (continued)

Assets held by external entities to fund future benefit payments are valued at fair value at the reporting date. The current period expense is comprised of the increase in the obligation, which results from the additional benefits earned by employees in the period, and the interest expense, which results from the outstanding pension obligation. The amounts described above are reduced by the expected return on plan assets. The current period expense related to defined benefit a plan is recorded in “cost of sales” or “selling and administrative expenses” based on the beneficiaries of the plan). Actuarial gains and losses are charged or credited to other comprehensive income in the period in which they arise. The effect of plan amendments on the Group companies’ obligations is, in general, recognised in the consolidated statement of profit and loss and other comprehensive income:

- in the year of the amendment for the part related to vested benefits;
- over the remaining service lives of related employees for the portion related to non-vested benefits.

2.14 Provisions

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

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

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

Restoration costs

Environmental expenditure related to existing conditions resulting from past or current operations and from which no current or future benefit is discernible is charged to profit or loss. The Group recognizes its liability on a site-by-site basis when it can be reliably estimated. This liability includes the Group’s portion of the total costs and also a portion of other potentially responsible parties’ costs when it is probable that they will not be able to satisfy their respective shares of the clean-up obligation. Recoveries of reimbursements are recorded as assets when virtually certain.

2.15 Contingencies

Contingent liabilities are not recognized in the consolidated statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognised in the consolidated statement of financial position but disclosed when an inflow of economic benefits is probable.

2.16 Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of shares outstanding during the period. The weighted average number of ordinary shares outstanding during the period and for all periods presented is adjusted for the issue of bonus shares as if the bonus shares were outstanding at the beginning of earliest period presented.

Diluted earnings per share are computed by dividing adjusted net income available to shareholders of the Company by the weighted average number of common shares outstanding during the year adjusted to include any dilutive potential common shares. Potential dilutive common shares result from stock options and convertible bonds issued by the Company on its own common shares.

2. Significant accounting policies (continued)

2.17 Leases

In accordance with IFRIC 4 – Determining whether an arrangement contains a lease, arrangements including transactions that convey a right to use the asset, or where fulfilment of the arrangement is dependent on the use of a specific asset, are analysed in order to assess whether such arrangements contain a lease and whether the prescriptions of IAS 17 – Lease Contracts have to be applied.

Leases – as a lessee

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases.

In accordance with IAS 17, the Group capitalizes assets financed through finance leases where the lease arrangement transfers to the Group substantially all of the rewards and risks of ownership. Lease arrangements are evaluated based upon the following criteria:

- the lease term in relation to the assets' useful lives;
- the total future payments in relation to the fair value of the financed assets;
- existence of transfer of ownership;
- existence of a favourable purchase option; and
- specificity of the leased asset.

Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. The corresponding lease obligations, excluding finance charges, are included in current or long-term financial liabilities as applicable

All other leases are operating leases and they are not recognized on the Group's statement of financial position. Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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

3. Application of new and revised international financial reporting standards (IFRSs)

3.1 New and revised IFRSs in issue but not yet effective

- IFRS 9 Financial Instruments[3];
- IFRS 10 Consolidated Financial Statements[2];
- IFRS 11 Joint Arrangements2;
- IFRS 12 Disclosure of Interest in Other Entities[2];
- IFRS 13 Fair Value Measurement[1];
- Amendments to IFRS 7 Financial Instruments: Disclosures – "Disclosures – Offsetting Financial Assets and Financial Liabilities"[1];
- Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures – "Mandatory Effective Date of IFRS 9 and Transition Disclosures"[3];
- Amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interest in Other Entities – "Consolidated Financial statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance"[1];

3. Application of new and revised international financial reporting standards (IFRSs) (continued)

3.1 New and revised IFRSs in issue but not yet effective (continued)

- IAS 19 (as revised in 2011) Employee Benefits[1];
- IAS 27 (as revised in 2011) Separate Financial Statements[2];
- IAS 28 (as revised in 2011) Investments in Associates and Joint Ventures[2];
- Amendments to IAS 32 Financial Instruments: Presentation – "Offsetting Financial Assets and Financial Liabilities"[4];
- Amendments to IFRSs – Annual Improvements to IFRSs 2009-2011 cycle except for the amendment to IAS 1 (see above)[1];
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine[1].

[1] Effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.
[2] Each of the five standards becomes effective for annual periods beginning on or after 1 January 2013, with earlier application permitted if all the other standards in the 'package of five' are also early applied (except for IFRS 12 that can be applied earlier on its own).
[3] Effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.
[4] Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

IFRS 9 Financial Instruments

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

Key requirements of IFRS 9:

- all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under IFRS 9 Financial Instruments, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 Financial Instruments requires that the amount of change in the fair value of the financial liability, that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39 Financial Instruments: Recognition and Measurement, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was recognised in profit or loss.

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

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements*, IFRS 12 *Disclosure of Interest in Other Entities*, IAS 27 (as revised in 2011) *Separate Financial Statements* and IAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*.

3. Application of new and revised international financial reporting standards (IFRSs) (continued)

3.1 New and revised IFRSs in issue but not yet effective (continued)

Key requirements of these five Standards are described below.

IFRS 10 Consolidated Financial Statements replaces the parts of IAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. SIC-12 *Consolidation – Special Purpose Entities* will be withdrawn upon the effective date of IFRS 10 *Consolidated Financial Statements.* Under IFRS 10 *Consolidated Financial Statements,* there is only one basis for consolidation, that is, control.. Extensive guidance has been added in IFRS 10 *Consolidated Financial Statements* to deal with complex scenarios. As a result the Group may need to change its basis for consolidation of its investees where applicable in the future. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

IFRS 11 Joint Arrangements replaces IAS 31 *Interests in Joint Ventures*. IFRS 11 *Joint Arrangements* deals with how a joint arrangement of which two or more parties have joint control should be classified. Under IFRS 11 *Joint Arrangements*, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. The Group currently does not hold any Joint Arrangement contract but will assess its impact when it does in future.

IFRS 12 Disclosure of Interests in Other Entities is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. The Group anticipates that IFRS 12 *Disclosure of Interest in Other Entities* in the future may have a significant impact on the Group disclosures with respect to entities that the Group has interests in.

The Group anticipates that IAS 27(2011) and IAS 28(2011) will be adopted in the Group's financial statements for the annual period beginning on 1 January 2013 The Group does not anticipate that the amendments to IAS 27 and IAS 28 will have a significant impact on its disclosures and on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed

IFRS 13 Fair Value Measurement

IFRS 13 *Fair Value Measurement* establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements.

The Group anticipates that the application of the new Standard may affect certain amounts reported in the financial statements and result in more extensive disclosures in the consolidated and separate financial statements.

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

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

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

The disclosures should be provided retrospectively for all comparative periods.

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

3. Application of new and revised international financial reporting standards (IFRSs) (continued)

3.1 New and revised IFRSs in issue but not yet effective (continued)

IAS 19 Employee Benefits

The amendments to IAS 19 *Employee Benefits* change the accounting for defined benefit plans and termination benefits and a definition of short-term benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 *Employee Benefits* and accelerate the recognition of past service costs.

The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 *Employee Benefits* are replaced with a 'net-interest' amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

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

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

The *Annual Improvements to IFRSs 2009-2011 Cycle* include the following amendments to various IFRSs:

Amendments to IAS 32 *Financial Instruments: Presentation*

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

Amendments to IAS 16 *Property Plant and Equipment*

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

Amendments to IAS 34 *Interim Financial Reporting*

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

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

IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine

IFRIC 20 applies to waste removal costs that are incurred in surface mining activity during the production phase of the mine ('production stripping costs'). Under the Interpretation, the costs from this waste removal activity ('stripping') which provide improved access to ore is recognised as a non-current asset ('stripping activity asset') when certain criteria are met, whereas the costs of normal ongoing operational stripping activities are accounted for in accordance with IAS 2 Inventories. The stripping activity asset is accounted for as an addition to, or as an enhancement of, an existing asset and classified as tangible or intangible according to the nature of the existing asset of which it forms part.

An entity should apply this Interpretation to production stripping costs incurred on or after the beginning of the earliest period presented, with specific transitional provisions.

The Group management anticipates that the implementation of IFRIC 20 *Stripping Costs* in the Production Phase of a Surface Mine will have no effect on the Company's consolidated and separate financial statements.

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The management of the Group revises its estimates and assumptions on a regular basis to ensure that they are relevant regarding the past experience and the current economic and political environment. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The accounting for certain provisions, certain financial instruments and the disclosure of financial assets, contingent assets and liabilities at the date of the consolidated financial statements is judgmental. The items subject to judgment are detailed in the corresponding notes to the consolidated financial statements.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are discussed below:

4.1 Estimated useful lives and residual values of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charge for its items of property, plant and equipment on an annual basis. The Group has carried out a review of the residual values and useful lives of property, plant and equipment as at 31 December 2012 and the management has not highlighted any requirement for an adjustment to the residual lives and remaining useful lives of the assets for the current or future periods. For more details refer to note 3.

4.2 Provision for restoration costs

Management of the Group exercises significant judgement in estimating provisions for restoration costs. Should these estimates vary, profit or loss and statement of financial position in the following years would be impacted.

4.3 Valuation of deferred tax

The recognition of deferred tax assets requires an assessment of future taxable profit. Deferred tax assets are only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The availability of future taxable profits depends on several factors including the group's future financial performance and if necessary, implementation of tax planning strategies.

4.4 Provisions for employee benefits

The actuarial techniques used to assess the value of the defined benefit plans involve financial assumptions (discount rate, rate of return on assets, medical costs trend rate) and demographic assumptions (salary increase rate, employee turnover rate, etc.). The Group uses the assistance of an external independent actuary in the assessment of these assumptions. For more details refer to note 27.2.

5. Revenue

An analysis of revenue is as follows:

	Group		**Company**	
	Year ended 31/12/12 N'000	**Year ended 31/12/11 N'000**	**Year ended 31/12/12 N'000**	**Year ended 31/12/11 N'000**
Revenue from the sale of cement	297,880,094	241,405,977	285,635,278	241,405,977
Revenue from the sale of ash	573,974	-	-	-
	298,454,068	241,405,977	285,635,278	241,405,977

All sales as detailed above are to external customers

5. Revenue (continued)

5.1 Information about major customers

Included in revenue arising from direct sales of cement of N297.9 billion (2011: N241.5 billion) is revenue of approximately N17.1 billion (2011: N13.8 billion) which arose from sales to the Group's largest customer

No customer contributed 10% or more to the Group's revenue for both 2012 and 2011.

6. Segment information

6.1 Products and services from which reportable segments derive their revenues

The Executive Management Committee is the Company's Chief Operating Decision Maker. Management has determined operating segments based on the information reported and reviewed by the Executive Management Committee for the purposes of allocating resources and assessing performance. The Executive Management Committee reviews internal management reports on at least a quarterly basis. These internal reports are prepared on the same basis as the accompanying consolidated and separate financial statements.

Segment information is presented in respect of the Group's reportable segments. For management purposes, the Group is organised into business units by geographical areas in which the Company operates and the countries that comprise such regions represent operating segments. The Company has 3 reportable segments based on location of the principal operations as follows:

- Nigeria
- West and Central Africa
- East and South Africa

All segments are involved in the production, distribution, and sale of cement.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

6.2 Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment. Performance is measured based on segment sales revenue and operating profit, as included in the internal management reports that are reviewed by the Executive Management Committee. Segment sales revenue and operating profit are used to measure performance as management believes that such information is the most relevant in evaluating results of certain segments relative to other entities that operate within these industries.

Revenue/ Operating profit/(loss)	**Segment revenue**		**Segment operating profit/ (loss)**	
	Year ended 31/12/12 N'000	**Year ended 31/12/11 N'000**	**Year ended 31/12/12 N'000**	**Year ended 31/12/11 N'000**
Nigeria	285,635,278	241,405,977	148,104,709	117,742,261
West and Central Africa	12,244,816	-	(803,048)	-
East and South Africa	573,974	-	(809,849)	-
Consolidated revenue / profit or (loss)	298,454,068	241,405,977	146,491,812	117,742,261

Total segment operating profit agrees to the profit from operating activities. A reconciliation of profit from operating activities to profit before tax is presented on the face of the profit and loss account.

Dangote Cement Plc

Notes to the consolidated and separate financial statements
For the year ended 31 December 2012

6. Segment information (continued)

6.2 Segment revenues and results (continued)

Other income & Profit / (loss) after tax

	Other income		Profit / (loss)after tax	
	Year ended 31/12/12 N'000	**Year ended 31/12/11 N'000**	**Year ended 31/12/12 N'000**	**Year ended 31/12/11 N'000**
Nigeria	4,374,446	650,510	152,925,099	121,415,513
West and Central Africa	1,288	-	(1,017,092)	-
East and South Africa	24,706	-	25,206	-
Total	4,400,440	650,510	151,933,213	121,415,513

Segment revenue reported above represents revenue generated from external customers.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Each segment bears its administrative costs and there are no allocations from central administration. This is the measure reported to the Chief Operating Decision Maker for the purposes of resource allocation and assessment of segment performance. Group financing (including finance income and finance costs) and income taxes are managed at an individual company level.

6.3 Segment assets and liabilities

	Year ended 31/12/12 N'000	**Year ended 31/12/11 N'000**	**Year ended 1/1/11 N'000**
Segment non-current assets			
Nigeria	447,596,763	410,075,002	311,068,208
West and Central Africa	46,693,301	37,153,503	-
East and South Africa	80,553,356	40,246,604	-
Total Segment non-current assets	574,843,420	487,475,109	311,068,208
Elimination/Adjustments	(25,072,394)	(27,622,351)	-
Consolidated non-current assets	549,771,026	459,852,758	311,068,208
Significant non-current assets outside Nigeria			
South Africa	50,224,662	17,744,059	-
Senegal	35,560,267	30,064,244	-
Zambia	14,611,047	8,097,909	-
Ethiopia	12,915,115	13,474,125	-

6. Segment information (continued)

6.3 Segment assets and liabilities (continued)

	Year ended 31/12/12 N'000	Year ended 31/12/11 N'000	Year ended 1/1/11 N'000
Segment current assets			
Nigeria	191,869,349	113,970,919	85,215,041
West and Central Africa	5,110,412	4,216,294	-
East and South Africa	4,213,477	7,273,394	-
Total segment liabilities	201,193,238	125,460,607	85,215,041
Elimination/Adjustments	(77,298,041)	(58,829,953)	-
Total current assets	123,895,197	66,630,654	85,215,041
Consolidated total assets	673,666,223	526,483,412	396,283,249

	Year ended 31/12/12 N'000	Year ended 31/12/11 N'000	Year ended 1/1/11 N'000
Segment liabilities			
Nigeria	211,859,516	229,727,874	188,045,226
West and Central Africa	55,016,219	40,554,285	-
East and South Africa	64,062,116	24,663,041	-
Total segment liabilities	330,937,851	294,945,200	188,045,226
Elimination/Adjustments	(77,273,519)	(58,832,674)	-
Consolidated liabilities	253,664,332	236,112,526	188,045,226

6.4 Other segment information

	Depreciation and amortisation		Net additions to non-current assets	
	Year ended 31/12/12 N'000	Year ended 31/12/11 N'000	Year ended 31/12/12 N'000	Year ended 31/12/11 N'000
Nigeria	27,275,436	16,134,989	21,897,949	91,058,048
West and Central Africa	158,778	-	8,175,329	37,153,504
East and South Africa	186,585	-	40,306,757	40,246,603
	27,620,799	16,134,989	70,380,035	168,458,155
Elimination/Adjustments	-	-	2,549,956	(27,622,351)
Total	27,620,799	16,134,989	72,929,991	140,835,804

6. Segment information (continued)

Finance income and finance cost	Finance Income		Finance Cost	
	Year ended 31/12/12 N'000	Year ended 31/12/11 N'000	Year ended 31/12/12 N'000	Year ended 31/12/11 N'000
Nigeria	2,391,030	1,479,948	12,407,023	5,442,653
West and Central Africa	142,138	-	214,703	-
East and South Africa	153,933	-	909,598	-
Total	2,687,101	1,479,948	13,531,324	5,442,653
Elimination/Adjustments	(272,367)	-	(272,367)	-
Total	2,414,734	1,479,948	(13,258,957)	5,442,653

6.5 Eliminations and Adjustments

Elimination and Adjustments relate to the following:

- Non-current assets of N25.072 billion (2011: N27.622 billion) due to the elimination of investment in subsidiaries with the parent's share of their equity.
- Current assets of N77.298 billion (2011: N58.83 billion) are due to the elimination of inter-company payable and receivable balances.
- Total liabilities of N77.274 billion (2011: N58.834 billion) due to the elimination of inter-company due to and due from related parties balances.
- Finance income and finance cost of N272.367 million in 2012 is due to the elimination of interest on inter-company loan.

In addition to the depreciation and amortisation reported above, a sum of N319 million (2011: N2.3 billion) in the financial statements was written off (impaired) in respect of property, plant and equipment. The impairment loss was attributable to the Nigerian operations.

7. Cost of sales

	Group		Company	
	Year ended 31/12/12 N'000	Year ended 31/12/11 N'000	Year ended 31/12/12 N'000	Year ended 31/12/11 N'000
Utilities & materials consumed	76,641,777	70,004,030	65,146,847	70,004,030
Salaries and related staff costs	4,651,586	3,630,663	4,651,586	3,630,663
Depreciation	20,487,981	11,515,947	20,244,776	11,515,947
Royalty (refer (a) below)	314,867	163,327	314,867	163,327
Plant maintenance	11,067,379	7,102,384	11,005,769	7,102,384
Other manufacturing overheads	5,140,750	5,291,591	4,962,175	5,291,591
	118,304,340	97,707,942	106,326,020	97,707,942

(a) Royalty payable is charged based on volume of extraction made during the year. This is in accordance with the agreement with the Federal Ministry of Mines and Steel Development.

8. Administrative expense

	Group		Company	
	Year ended 31/12/12 N'000	Year ended 31/12/11 N'000	Year ended 31/12/12 N'000	Year ended 31/12/11 N'000
Salaries and related staff costs	6,470,848	3,853,203	5,332,482	3,853,203
Corporate social responsibility	4,033,433	304,113	4,033,027	304,113
Management fee (refer (a) below)	1,070,294	2,167,618	1,070,294	2,167,618
Depreciation	1,780,153	1,132,523	1,709,379	1,132,523
Audit fees	174,417	132,000	160,000	132,000
Directors' remuneration	172,250	41,038	119,886	41,038
Rent, rate and insurance	807,061	1,177,237	727,154	1,177,237
Repairs and maintenance	731,576	318,452	714,214	318,452
Travel expenses	901,983	257,799	848,525	257,799
Bank charges	443,138	407,897	431,458	407,897
General administrative expenses	2,460,160	3,537,293	2,383,822	3,537,293
Others	1,881,233	1,317,911	1,232,914	1,317,911
Impairment of investment and receivables from related parties	2,026,828	-	2,026,828	-
	22,953,374	14,647,084	20,789,983	14,647,084

(a) The management fee is charged by Dangote Industries Limited for management and corporate services provided to Gboko plant. It is based on sales on the respective units net of discounts, rebates and applicable concessions provided to customers.

Other employee related disclosures

Aggregate payroll costs:

	Group		Company	
	Year ended 31/12/12 N'000	Year ended 31/12/11 N'000	Year ended 31/12/12 N'000	Year ended 31/12/11 N'000
Wages, salaries and staff welfare	10,522,904	7,054,114	9,384,538	7,054,114
Pension costs	179,629	207,920	179,629	207,920
Gratuity provision	419,901	221,832	419,901	221,832
	11,122,434	7,483,866	9,984,068	7,483,866

Chairman's and Directors' remuneration

	Group		Company	
	Year ended 31/12/12 N'000	Year ended 31/12/11 N'000	Year ended 31/12/12 N'000	Year ended 31/12/11 N'000
Directors' remuneration comprises:				
Fees	7,305	3,300	3,975	3,300
Emoluments	164,945	37,738	115,911	37,738
	172,250	41,038	119,886	41,038
Chairman	5,100	2,600	5,100	2,600
Highest paid Director	28,948	52,620	28,948	25,800

Dangote Cement Plc

Notes to the consolidated and separate financial statements
For the year ended 31 December 2012

8. Administrative expense (continued)

	Group		Company	
	Year ended 31/12/12 Number	**Year ended 31/12/11 Number**	**Year ended 31/12/12 Number**	**Year ended 31/12/11 Number**
Number of Directors whose emoluments were above the following ranges:				
1 - 3,200,000	3	4	3	4
3,200,001 – 8,750,000	3	3	2	2
8,750,001 – 20,000,000	-	-	-	-
Above 20,000,000	3	2	2	1
	9	9	7	7

	Group		Company	
	Year ended 31/12/12 Number	**Year ended 31/12/11 Number**	**Year ended 31/12/12 Number**	**Year ended 31/12/11 Number**
Permanent employees remunerated at higher rate excluding allowances:				
250,001 - 500,000	1,973	540	1,969	526
500,001 - 750,000	504	680	500	668
750,001 - 1,000,000	138	904	126	896
1,000,001 - 1,250,000	63	379	59	371
1,250,001 - 1,500,000	34	101	31	91
1,500,001 - 2,000,000	43	77	38	66
2,000,001 and above	148	241	71	236
	2,903	2,922	2,794	2,854

	Group		Company	
	Year ended 31/12/12 Number	**Year ended 31/12/11 Number**	**Year ended 31/12/12 Number**	**Year ended 31/12/11 Number**
The average number of permanent employees employed during the year excluding Directors was as follows:				
Management	194	140	178	134
Non-management	3,234	3,058	3,141	2,995
	3,428	3,198	3,319	3,129

9. Selling and distribution expenses

	Group		Company	
	Year ended 31/12/12 N'000	Year ended 31/12/11 N'000	Year ended 31/12/12 N'000	Year ended 31/12/11 N'000
Depreciation	5,325,525	3,440,732	5,313,479	3,440,732
Advertisement and promotion	3,280,990	2,348,204	2,977,066	2,348,204
Haulage expenses	6,498,467	6,170,264	6,498,467	6,170,264
	15,104,982	11,959,200	14,789,012	11,959,200

10. Finance income and costs

	Group		Company	
	Year ended 31/12/12 N'000	Year ended 31/12/11 N'000	Year ended 31/12/12 N'000	Year ended 31/12/11 N'000
Finance income				
Interest income	2,213,027	1,479,948	2,189,323	1,479,948
Foreign exchange gains	201,707	-	201,707	-
	2,414,734	1,479,948	2,391,030	1,479,948
Finance costs				
Interest expenses	17,239,284	13,288,090	15,360,602	13,288,090
Less: amounts included in the cost of qualifying assets	(4,813,663)	(7,776,107)	(3,150,183)	(7,776,107)
	12,425,621	5,511,983	12,210,419	5,511,983
Foreign exchange loss	629,750	-	-	-
Defined benefit obligation	196,604	108,217	196,604	108,217
Unwinding of discount (see Note 26)	6,982	(177,547)	-	(177,547)
	13,258,957	5,442,653	12,407,023	5,442,653

The weighted average capitalisation rate on funds borrowed generally is 10% and 12% per annum for the Group and Company respectively (2011: 12% and 12% per annum).

11. Other income

	Group		Company	
	Year ended 31/12/12 N'000	Year ended 31/12/11 N'000	Year ended 31/12/12 N'000	Year ended 31/12/11 N'000
Insurance claims	257,130	26,731	257,130	26,731
Write back of credit balances (Note 11.1)	2,918,047	-	2,918,047	-
Sales of scrap/granite	342,523	-	342,523	-
Government grant	558,636	104,523	541,277	104,523
Sundry income	324,104	519,256	315,469	519,256
	4,400,440	650,510	4,374,446	650,510

11.1 This represents prior years' accruals on demurrage no longer required.

12. Profit for the year

Profit for the year from continuing operations includes the following charges (debits):

	Group		Company	
	Year ended 31/12/12 N'000	Year ended 31/12/11 N'000	Year ended 31/12/12 N'000	Year ended 31/12/11 N'000
Depreciation of property, plant and equipment (see note 15)	27,593,659	16,089,202	27,267,634	16,089,202
Amortisation of intangible assets (see note 16)	27,140	45,787	7,802	45,787
Auditors remuneration	174,417	132,000	160,000	132,000
Employee benefits expense	11,122,434	7,483,866	9,984,068	7,483,866

13. Earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

	Group		Company	
	Year ended 31/12/12 N'000	Year ended 31/12/11 N'000	Year ended 31/12/12 N'000	Year ended 31/12/11 N'000
Profit for the year attributable to owners of the Company	152,020,690	121,415,513	152,925,098	121,415,513
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	17,040,507	17,040,507	17,040,507	17,040,507
Basic and diluted earnings per share	8.92	7.13	8.98	7.13

14. Income taxes

14.1 Income tax recognised in profit or loss

	Group		Company	
	Year ended 31/12/12	Year ended 31/12/11	Year ended 31/12/12	Year ended 31/12/11
	N'000	N'000	N'000	N'000
Current tax				
Current tax expense in respect of the current year	784,271	2,237,189	787,428	2,237,189
Deferred tax				
Deferred tax income recognised in the current year	(17,069,895)	(9,873,146)	(15,623,810)	(9,873,146)
Total income tax recognised in the current year	(16,285,624)	(7,635,957)	(14,836,382)	(7,635,957)

14. Income taxes (continued)

14.1 Income tax recognised in profit or loss (continued)

Deferred tax assets have been recognised by the company, since it is probable that future taxable profits will be available for offset.

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

	Group		Company	
	Year ended 31/12/12	Year ended 31/12/11	Year ended 31/12/12	Year ended 31/12/11
	N'000	N'000	N'000	N'000
Profit before income tax	135,647,589	113,779,556	138,088,716	113,779,556
Income tax expense calculated at 32% (2011: 32%)	43,407,228	36,409,458	44,188,389	36,409,458
Effect of income that is exempt from taxation	(44,349,940)	(36,890,999)	(44,343,923)	(36,890,999)
Effect of expenses that are not deductible in determining taxable profit	1,121	12,076	1,121	12,076
Additional Capital Allowance granted on pioneer status	(15,555,097)	(11,297,497)	(15,555,097)	(11,297,497)
Other	211,064	4,131,005	873,128	4,131,005
Income tax income recognised in profit or loss	(16,285,624)	(7,635,957)	(14,836,382)	(7,635,957)

The income tax rate of 32% (including education tax of 2%), was used for the table above as established by the tax legislation of Nigeria effective in 2012 and 2011. The Group is also subject to taxation in South Africa, which has a statutory rate of 28% in effect at the end of 31st December, 2012 and 2011. Effect of different tax rates of subsidiaries operating in other jurisdictions is not material and included in “Other” line of reconciliation above.

14.2 Current tax assets and liabilities

	Group			Company		
	31/12/12	31/12/11	01/01/11	31/12/12	31/12/11	01/01/11
	N'000	N'000	N'000	N'000	N'000	N'000
Income tax payable	2,504,925	4,282,385	3,196,823	2,504,925	4,276,176	3,196,823

14.3 Deferred tax balances

	Group			Company		
	31/12/12	31/12/11	01/01/11	31/12/12	31/12/11	01/01/11
	N'000	N'000	N'000	N'000	N'000	N'000
Deferred tax assets	24,937,023	7,948,746	-	23,572,556	7,948,746	-
Deferred tax liabilities	(530,227)	(589,032)	(1,924,400)	-	-	(1,924,400)
Net deferred tax assets/ (liabilities)	**24,406,796**	**7,359,714**	**(1,924,400)**	**23,572,556**	**7,948,746**	**(1,924,400)**

14. Income taxes (continued)

14.3 Deferred tax balances (continued)

The following is the analysis of deferred tax assets/(liabilities) presented in the consolidated statement of financial position:

Group

2012	Opening balance N'000	Recognised in profit or loss N'000	Effect of acquisition under common control N'000	Closing balance N'000
Deferred tax assets /(liabilities) in relation to:				
Property, plant & equipment	7,622,364	15,182,358	-	22,804,722
Provision for doubtful debts	299,728	348,035	-	647,763
Other provisions	26,654	93,416	-	120,070
Other	(589,032)	1,446,086	(22,813)	834,241
	7,359,714	**17,069,895**	**(22,813)**	**24,406,796**

2011	Opening balance N'000	Recognised in profit or loss N'000	Effect of acquisition under common control N'000	Closing balance N'000
Deferred tax assets /(liabilities) in relation to:				
Property, plant & equipment	(2,369,585)	9,991,949	-	7,622,364
Provision for doubtful debts	247,733	51,995	-	299,728
Other provisions	197,452	(170,798)	-	26,654
Other	-	-	(589,032)	(589,032)
	(1,924,400)	**9,873,146**	**(589,032)**	**7,359,714**

Company

2012	Opening balance N'000	Recognised in profit or loss N'000	Closing balance N'000
Deferred tax assets /(liabilities) in relation to:			
Property, plant & equipment	7,622,364	15,182,359	22,804,723
Provision for doubtful debts	299,728	348,035	647,763
Other provisions	26,654	93,416	120,070
	7,948,746	**15,623,810**	**23,572,556**

2011	Opening balance N'000	Recognised in profit or loss N'000	Closing balance N'000
Deferred tax assets /(liabilities) in relation to:			
Property, plant & equipment	(2,369,585)	9,991,949	7,622,364
Provision for doubtful debts	247,733	51,995	299,728
Other provisions	197,452	(170,798)	26,654
	(1,924,400)	**9,873,146**	**7,948,746**

Pioneer status is granted to some plants of the Company which span across five years from the date of grant. While plants are under Pioneer status, they are excluded from taxation.

15. Property, plant and equipment

Group

	Leasehold improvements and buildings N'000	Plant and machinery N'000	Aircraft and motor vehicles N'000	Factory furniture and equipment N'000	Capital work-in-progress N'000	Total N'000
Cost or deemed cost						
Balance at 1 January 2011	11,920,323	147,558,904	10,085,090	332,793	135,758,207	305,655,317
Effect of acquisition of subsidiaries under common control	3,361,365	4,126,132	3,035,141	271,928	38,755,562	49,550,128
Additions	32,070	3,833,058	9,231,224	158,925	46,107,221	59,362,498
Reclassification from inventory	-	763,789	-	-	-	763,789
Write-off (Note 15.1)	-	-	(2,270,172)	-	(54,016)	(2,324,188)
Balance at 31 December 2011	15,313,758	156,281,883	20,081,283	763,646	220,566,974	413,007,544
Additions	557,800	14,802,673	11,240,682	536,918	101,930,535	129,068,608
Eliminated on write-off	(11,689)	(21,714)	(43,280)	(75,294)	(348,097)	(500,074)
Disposals	-	-	-	-	(10,902,824)	(10,902,824)
Reclassifications	18,932,640	143,235,011	2,967,020	177,933	(165,312,604)	-
Other reclasssifications (Note 15.2)	-	61,893	5,800	-	(8,911,445)	(8,843,752)
Effect of foreign currency exchange differences	(222,439)	(321,547)	2,248	(11,199)	(476,035)	(1,028,972)
Balance at 31 December 2012	34,570,070	314,038,199	34,253,753	1,392,004	136,546,504	520,800,530
Accumulated depreciation						
Balance at 1 January 2011	-	-	-	-	-	-
Effect of acquisition of subsidiaries under common control	13,763	463,892	127,922	77,754	-	683,331
Depreciation expense	633,519	10,463,345	4,769,474	222,864	-	16,089,202
Write-off (Note 15.1)	-	-	(1,476,057)	-	-	(1,476,057)
Balance at 31 December 2011	647,282	10,927,237	3,421,339	300,618	-	15,296,476
Eliminated on write off	(2,455)	(9,047)	(36,645)	(52,725)	-	(100,872)
Depreciation expense	1,432,528	20,129,639	5,794,368	237,124	-	27,593,659
Reclassification	51,635	96,037	(46,023)	(101,649)	-	-
Effect of foreign currency exchange differences	(1,960)	(50,961)	(20,729)	(6,660)	-	(80,310)
Balance at 31 December 2012	2,127,030	31,092,905	9,112,310	376,708	-	42,708,953
Carrying amounts						
At 1 January 2011	11,920,323	147,558,904	10,085,090	332,793	135,758,207	305,655,317
At 31 December 2011	14,666,476	145,354,645	16,659,944	463,028	220,566,974	397,711,067
At 31 December 2012	32,443,040	282,945,294	25,141,443	1,015,296	136,546,504	478,091,577

15.1 The write-off of N2,270,172 in 2011 represents cost of trucks burnt and scrapped and N1,476,057 represents corresponding accumulated depreciation for those trucks.

15.2 Other reclassifications in 2012 relate to transfer out of capital work in progress to Deposits for imports and inventory.

Dangote Cement Plc

Notes to the consolidated and separate financial statements
For the year ended 31 December 2012

15. Property, plant and equipment (continued)

Company

	Lease hold improvements and buildings N'000	Plant and equipment N'000	Aircraft and motor vehicles N'000	Factory furniture and equipment N'000	Capital work-in-progress N'000	Total N'000
Cost or deemed cost						
Balance at 1 January 2011	11,920,323	147,558,904	10,085,090	332,793	135,758,207	305,655,317
Additions	32,070	3,833,058	9,231,224	158,925	46,107,221	59,362,498
Reclassification from inventory	-	763,789	-	-	-	763,789
Write-off (Note 15.1)	-	-	(2,270,172)	-	(54,016)	(2,324,188)
Balance at 31 December 2011	11,952,393	152,155,751	17,046,142	491,718	181,811,412	363,457,416
Additions	348,680	14,097,859	11,180,041	317,731	50,099,034	76,043,345
Write-off	(11,689)	(21,714)	(42,213)	(73,407)	(348,097)	(497,120)
Transfers	-	-	-	-	(10,902,824)	(10,902,824)
Reclassifications	18,932,640	143,231,441	2,967,020	181,503	(165,312,604)	-
Other reclassification (Note 15.2)	-	61,893	5,800	-	(8,523,184)	(8,455,491)
Balance at 31 December 2012	31,222,024	309,525,230	31,156,790	917,545	46,823,737	419,645,326
Accumulated depreciation						
Balance at 1 January 2011	-	-	-	-	-	-
Depreciation expense	633,519	10,463,345	4,769,474	222,864	-	16,089,202
Write-off (Note 15.1)	-	-	(1,476,057)	-	-	(1,476,057)
Balance at 31 December 2011	633,519	10,463,345	3,293,417	222,864	-	14,613,145
Eliminated on write off	(2,455)	(9,047)	(36,579)	(51,603)	-	(99,684)
Depreciation expense	1,420,217	19,949,040	5,717,792	180,585	-	27,267,634
Reclassification	51,635	94,416	(46,023)	(100,028)	-	-
Balance at 31 December 2012	2,102,916	30,497,754	8,928,607	251,818	-	41,781,095
Carrying amounts						
At 1 January 2011	11,920,323	147,558,904	10,085,090	332,793	135,758,207	305,655,317
At 31 December 2011	11,318,874	141,692,406	13,752,725	268,854	181,811,412	348,844,271
At 31 December 2012	29,119,108	279,027,476	22,228,183	665,727	46,823,737	377,864,231

15.1 The write-off of N2,270,172 in 2011represents cost of trucks burnt and scrapped and N1,476,057 represents corresponding accumulated depreciation for those trucks.

15.2 Other reclassifications in 2012 relate to transfer out of capital work in progress to Deposits for imports and inventory.

16. Intangible assets

		Group	
	Computer software N'000	Exploration assets N'000	Total N'000
Cost			
Balance at 1 January 2011	225,604	-	225,604
Effect of acquisition of subsidiaries under common control	171,809	1,744,677	1,916,486
Balance at 31 December 2011	397,413	1,744,677	2,142,090
Additions	55,182	9,796	64,978
Effect of foreign currency exchange differences	(10,479)	(106,411)	(116,890)
Balance at 31 December 2012	442,116	1,648,062	2,090,178
Accumulated amortisation			
Balance at 1 January 2011	171,167	-	171,167
Effect of acquisition of subsidiaries under common control	128,009	-	128,009
Amortisation expense	45,787	-	45,787
Balance at 31 December 2011	344,963	-	344,963
Amortisation expense	27,140	-	27,140
Effect of foreign currency exchange differences	(8,659)	-	(8,659)
Balance at 31 December 2012	363,444	-	363,444
Carrying amounts			
At 1 January 2011	54,437	-	54,437
At 31 December 2011	52,450	1,744,677	1,797,127
At 31 December 2012	78,672	1,648,062	1,726,734

16. Intangible assets (continued)

	Company		
	Computer software N'000	**Other intangibles N'000**	**Total N'000**
Cost			
Balance at 1 January 2011	225,604	-	225,604
Additions	-	-	-
Balance at 31 December 2011	225,604	-	225,604
Additions	-	-	-
Balance at 31 December 2012	225,604	-	225,604
Accumulated amortisation			
Balance at 1 January 2011	171,167	-	171,167
Amortisation expense	45,787	-	45,787
Balance at 31 December 2011	216,954	-	216,954
Amortisation expense	7,802	-	7,802
Balance at 31 December 2012	224,756	-	224,756
Carrying amounts			
At 1 January 2011	54,437	-	54,437
At 31 December 2011	8,650	-	8,650
At 31 December 2012	848	-	848

17. Investments

Details of the Group's subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Place of incorporation and operation	Proportion of ownership or voting power held by the Group 31/12/12	31/12/11
Sephaku Cement (Pty) Limited	South Africa	64.00%	64.00%
Dangote Industries (Ethiopia) Plc	Ethiopia	86.96%	86.96%
Dangote Industries (Zambia) Limited	Zambia	75.00%	75.00%
Dangote Industries Senegal S.A	Senegal	90.00%	90.00%
Dangote Industries Cameroun Limited	Cameroun	80.00%	80.00%
Dangote Industries Limited, Tanzania	Tanzania	70.00%	70.00%
Dangote Industries Congo S.A	Congo	100.00%	100.00%
Dangote Industries (Sierra Leone) Limited	Sierra Leone	99.60%	99.60%
Dangote Industries Limited, Cote D'Ivoire	Cote D'Ivoire	80.00%	80.00%
Dangote Industries Gabon S.A	Gabon	80.00%	80.00%
Greenview International Company Ltd	Ghana	100.00%	100.00%

All the subsidiaries of the Company except Greenview International, Ghana are executing Capital projects on cement manufacturing/grinding facility or cement terminal. Besides Greenview International, Sephaku Cement South Africa is involved in selling ash which would be used as input once cement manufacturing facility which is currently under construction commences operation. Both Greenview International and Sephaku Cement are incurring small losses.

In addition the Group holds 100% of Lion Football Club Limited but the investment is dormant and not consolidated because the effect of consolidation is immaterial. The Group holds 43% of Onigbolo Cement Company Limited, Benin Republic but does not have significant influence. Thus, there was no equity accounting of the activities of the company during 2011. Both of these investments have been provided for during the year.

	Company 31/12/12 N'000	31/12/11 N'000	1/1/11 N'000
Sephaku Cement (Pty) Limited	24,283,254	24,283,254	-
Dangote Industries (Ethiopia) Plc	732,657	732,657	-
Dangote Industries (Zambia) Limited	115	115	-
Dangote Industries Senegal S.A	29,448	29,448	-
Dangote Industries Cameroun Limited	8,807	2,531,520	-
Dangote Industries Limited, Tanzania	68	68	-
Dangote Industries Congo S.A	1,702	1,702	-
Dangote Industries (Sierra Leone) Limited	15,551	15,551	-
Dangote Industries Limited, Cote D'Ivoire	12,658	12,658	-
Dangote Industries Gabon S.A	12,657	12,657	-
Dangote Industries Benin S.A	-	2,721	-
Lion Football Club Limited	-	50	50
	25,096,917	27,622,401	50

In 2011, Dangote Industries Limited transferred its interests in all the above subsidiaries to the Company effective 14 December 2011. The acquisition of the subsidiaries by the Company was considered a common control transaction and therefore the assets and liabilities acquired were recognised at the carrying amounts recognised previously in the shareholder's consolidated financial statements. The movement reflects a change in the amount owed to the Parent company on account of transfer of equity interest under common control with a corresponding change in the cost of the investment in Dangote Industries Cameroon Limited.

18. Prepayments

	Group			Company		
	31/12/12	31/12/11	1/1/11	31/12/12	31/12/11	1/1/11
	N'000	N'000	N'000	N'000	N'000	N'000
Non-current						
Advance to contractors	45,015,692	49,265,803	3,862,595	21,062,209	22,520,969	3,862,595
Gas pipeline	-	3,129,965	1,495,809	-	3,129,965	1,495,809
Total non-current prepayments	45,015,692	52,395,768	5,358,404	21,062,209	25,650,934	5,358,404
Current						
Advance to contractors	12,960,139	-	-	10,473,341	-	-
Deposit for import	13,222,873	2,894,229	1,064,536	12,960,139	2,894,229	1,064,536
Gas pipeline	342,772	1,495,809	4,182,637	342,772	1,495,809	4,182,637
Rent and rates	568,613	478,358	505,818	502,824	421,866	505,818
Total current prepayments	27,094,397	4,868,396	5,752,991	24,279,076	4,811,904	5,752,991

The Gas pipelines prepayment represents the unamortised balance of the Group's investment in the gas pipeline which was transferred to Nigerian Gas Company (NGC). The gas pipelines were constructed with the understanding that NGC would take it over at an agreed cost and that the Company would recoup its costs from the amounts invoiced by NGC for gas consumption at an agreed rate. The agreement with NGC is for twenty years.

Advances to contractors represent various advances for the purchase of LPFO and AGO together with advances for the construction of plants and other materials which were not received at the year end.

19. Inventories

	Group			Company		
	31/12/12	31/12/11	1/1/11	31/12/12	31/12/11	1/1/11
	N'000	N'000	N'000	N'000	N'000	N'000
Finished goods	4,594,188	2,194,464	791,355	3,941,282	1,282,077	791,355
Work-in-progress	4,650,082	958,333	1,396,010	4,464,554	958,333	1,396,010
Raw materials	495,480	396,711	535,128	495,410	396,711	535,128
Packaging materials	2,546,691	158,277	380,742	2,220,807	158,277	380,742
Consumables	954,626	1,164,174	2,637,883	953,972	1,164,174	2,637,883
Fuel	6,378,675	1,100,285	309,744	6,376,446	1,100,285	309,744
Spare parts	8,596,494	5,885,403	4,124,623	8,541,454	5,885,403	4,124,623
Goods-in-transit	4,261,702	2,492,882	3,853,112	3,859,614	2,492,882	3,853,112
	32,477,938	14,350,529	14,028,597	30,853,539	13,438,142	14,028,597

The cost of inventories recognised as an expense during the year was N 64.5 billion and N 62.2 billion (2011: N 65.4 billion and N 65.4 billion) in the consolidated and separate financial statements respectively.

20. Trade and other receivables

	Group			Company		
	31/12/12	**31/12/11**	**1/1/11**	**31/12/12**	**31/12/11**	**1/1/11**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Trade receivables	4,782,843	3,519,029	12,823,265	4,568,957	3,463,929	12,823,265
Impairment allowance on trade receivables	(1,375,331)	(1,593,328)	(1,445,091)	(1,371,050)	(1,590,329)	(1,445,091)
	3,407,512	1,925,701	11,378,174	3,197,907	1,873,600	11,378,174
Deposit for supplies	1,357,326	4,081,893	-	1,365,791	1,113,470	-
Staff loans and advances	924,756	450,655	-	427,087	407,742	-
Foreign exchange contract	-	1,042,324	-	-	-	-
Other receivables	10,086,484	11,029,745	882,688	-	-	882,688
	15,776,078	18,530,318	12,260,862	4,990,785	3,394,812	12,260,862

Trade receivables

The average credit period on sales of goods for both the Group and Company is as shown below.

Of the trade receivables balance at the end of the year in the consolidated and separate financial statements respectively, N191.5 million and N191.5 million (31 December 2011: N90.5 million and N90.5 million) is due from Umar Tanko Abdullahi Ventures, the Group's and Company's largest customer (see note 5.1). There are no other customers who represent more than 9% of the total balance of trade receivables of the Group and Company respectively.

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable.

Trade receivables are considered to be past due when they exceed the credit period granted.

Age of receivables that are past due but not impaired

	Group			Company		
	31/12/12	**31/12/11**	**1/1/11**	**31/12/12**	**31/12/11**	**1/1/11**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
0-60 days	697,864	318,329	2,222,947	644,089	287,932	2,222,947
60-90 days	258,679	353,609	508,976	244,272	352,669	508, 976
90-120 days	1,079,522	1,235,678	1,456,786	1,079,000	595,077	1,456,786
	2,036,065	1,907,616	4,188,709	1,967,361	1,235,678	4,188,709
Average age (days)	57	53	154	57	52	154

20. Trade and other receivable (continued)

Movement in the allowance for doubtful debts

	Group		Company	
	31/12/12 N'000	**31/12/11 N'000**	**31/12/12 N'000**	**31/12/11 N'000**
Balance at beginning of the year	1,593,328	1,445,091	1,590,328	1,445,091
Effect of acquisition of subsidiaries under common control	-	148,691	-	-
Impairment losses recognised on receivables	748,452	421	665,591	145,237
Amounts written off during the year as uncollectible	(395)	-	-	-
Impairment losses reversed	(966,054)	(875)	(884,869)	-
Balance at the end of the year	1,375,331	1,593,328	1,371,050	1,590,328

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

Age of past due and impaired trade receivables

	Group			Company		
	31/12/12 N'000	**31/12/11 N'000**	**1/1/11 N'000**	**31/12/12 N'000**	**31/12/11 N'000**	**1/1/11 N'000**
60-90 days	-	60,526	-	-	60,526	-
90-120 days	-	421	-	-	-	-
120+ days	1,375,331	1,532,381	1,445,091	1,371,050	1,529,802	1,445,091
	1,375,331	1,593,328	1,445,091	1,371,050	1,590,328	1,445,091

21. Share capital

	31/12/12 N'000	**31/12/11 N'000**	**1/1/11 N'000**
Issued and fully paid			
Share capital 17,040,507,405			
(2011: 15,491,370,368) ordinary shares of N 0.5 each	8,520,254	7,745,685	7,745,685
Share premium	42,430,000	42,430,000	42,430,000
	50,950,254	50,175,685	50,175,685

Authorised capital as at reporting dates represents 20,000,000,000 ordinary shares of N 0.5 each.

Fully paid ordinary shares carry one vote per share and a right to dividends. Details of shares issued during the year are included in note 22.2

22. Retained earnings

	Group			Company		
	31/12/12 N'000	31/12/11 N'000	1/1/11 N'000	31/12/12 N'000	31/12/11 N'000	1/1/11 N'000
Retained earnings	361,130,672	229,245,844	155,233,841	374,574,125	241,787,810	155,233,841

22.1 On 1 June 2012, a dividend of N1.25 per share (total dividend N19.36bn) was paid to holders of fully paid ordinary shares in relation to 2011 financial year. In June 2011, the dividend paid was N2.25 per share (total dividend N34.86bn) in relation to 2010 financial year.

In respect of the current year, the Directors proposed that a dividend of N3.00 per share be paid to shareholders on 3 June 2013. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these consolidated and separate financial statements. The proposed dividend is payable to all shareholders whose names appear in the Register of Members as at closure date of 6 May 2013. The total estimated dividend to be paid is N51.12 billion. The payment of this dividend will not have any tax consequence for the Company since it shall be distributed out of pioneer profit.

22.2 Pursuant to the proposal of the Board and as approved by shareholders at the Annual General Meeting on 24 May 2012, the Company issued one bonus shares as fully paid against every 10 shares held by the shareholders as appearing on the Register of Members as on 11 May 2012.

The Company issued 1,549,137,036 new ordinary shares of 50 kobo each and an amount of N774,568,518 was adjusted against retained earnings to issue the above bonus shares. The issuance of the above bonus shares did not have any tax consequence for the Company since it was issued out of pioneer profit.

23. Trade and other payables

	Group			Company		
	31/12/12 N'000	31/12/11 N'000	1/1/11 N'000	31/12/12 N'000	31/12/11 N'000	1/1/11 N'000
Trade payables	18,279,062	5,823,674	4,967,501	16,243,741	3,177,802	4,967,501
Advances from customers	12,251,242	10,581,857	11,514,705	12,251,242	10,581,857	11,514,705
Payable to contractors	14,350,734	10,850,133	12,092,042	9,189,158	9,634,167	12,092,042
Value added tax	7,415,859	8,325,810	3,353,268	7,415,859	8,325,810	3,353,268
Withholding tax payable	340,737	378,093	1,973,289	340,738	378,093	1,973,289
Staff pension (Note 27.1)	169,658	95,927	99,309	169,658	95,927	99,309
Interest payable	5,018,657	5,324,484	1,968,773	5,018,657	5,324,484	1,968,773
Other accruals and payables	5,345,984	4,998,870	3,919,128	3,481,514	3,987,580	3,919,128
	63,171,933	46,378,848	39,888,015	54,110,567	41,505,720	39,888,015

The average credit period on purchases of goods is 30 days (2011: 30 days). Normally, no interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Provisions for staff pensions have been made in the financial statements in accordance with the Pension Reform Act 2004. The accrual at 31 December 2012 amounted to N170 million (2011: N96 million).

24. Borrowings

	Group			Company		
	31/12/12 N'000	**31/12/11 N'000**	**1/1/11 N'000**	**31/12/12 N'000**	**31/12/11 N'000**	**1/1/11 N'000**
Unsecured borrowings at amortised cost						
Subordinated loans (Note 24(c))	29,996,522	36,364,771	39,876,262	29,996,522	36,364,771	39,876,262
Loans from Dangote Industries Limited (Note 24 (b))	45,000,000	48,261,712	12,655,220	45,000,000	48,261,712	12,655,220
Bulk Commodities loans (Note 24 (d))	514,214	517,086	492,427	514,214	517,086	492,427
	75,510,736	85,143,569	53,023,909	75,510,736	85,143,569	53,023,909
Secured borrowings at amortised cost						
Power intervention loan (Note 24 (e))	20,640,260	8,734,991	-	20,640,260	8,734,991	-
Bank loans (Note 24 (a))	66,745,197	53,333,335	80,000,000	37,333,334	53,333,335	80,000,000
	87,385,457	62,068,326	80,000,000	57,973,594	62,068,326	80,000,000
Total borrowings at 31 December 2012	162,896,193	147,211,895	133,023,909	133,484,330	147,211,895	133,023,909
Long-term portion of loans and borrowings	112,462,464	116,766,429	80,504,837	83,050,601	116,766,429	80,504,837
Current portion repayable in one year and shown under current liabilities	50,433,729	30,445,466	52,519,072	50,433,729	30,445,466	52,519,072

(a) A consortium of banks granted the Company facilities to fund expansion projects in various plants. The loans were granted at fixed and floating interest rates of 10% p.a and MPR + 3% respectively. The facilities are for an initial period of 3 years with the option of an extension for a further two years. The facilities are secured with a fixed and floating charge over the Company's assets. Principal and interest are repayable quarterly.

Also in 2012, Nedbank Capital and Standard Bank of South Africa jointly granted a R1.95bn facility for the finance of the Group's South African plant. This loan is for 10 years at Johannesburg Inter-Bank Agreed Rate (JIBAR) plus 4% with a 39 month moratorium on the principal amount. Interest accrued during the construction period and up to the first capital repayment date is capitalised against the loan up to a maximum threshold of ZAR2.4bn. The debt facility is guaranteed by the company.

(b) In 2011, Dangote Industries Limited (DIL) transferred its interests in certain African operations to the Company at a cost of N45.147 billion which was the total cost incurred by the Parent Company as at that date. DIL granted a N45 billion long term loan with a total of 10 year tenure, including an initial moratorium of 18 months. The interest is charged at 10% p.a on outstanding principal.

(c) A subordinated loan of N55.4 billion was obtained by the Company from Dangote Industries Limited in 2010. N30 billion was long-term and the remaining balance was short term and is repayable on demand. The long-term loan is unsecured, with interest at 10% p.a. and is repayable in 5 years with a 2-year moratorium on principal. The interest on the long term portion was waived for 2011. Given the favourable terms at which the Company secured the loan, an amount of N2.8 billion which is the difference between the fair value of the loan on initial recognition and the amount received, has been accounted for as capital contribution.

(d) Bulk Commodities International loan granted at an interest rate of 6% per annum represents short term funding requirements. The loan is repayable on demand.

24. Borrowings (continued)

(e) In 2011 and 2012, the Bank of Industry through Guaranty Trust Bank Plc and Access Bank Plc granted the Company the sum of N 24.5billion long-term loan repayable over 10 years at an all-in annual interest rate of 7% for part financing or refinancing the construction cost of the power plants at the Company's factories under the Power and Aviation Intervention Fund. The loan has a moratorium of 12 months. Given the concessional terms at which the Company secured the loan, it is considered to have an element of government grant. Using prevailing market interest rates for an equivalent loan of 12.5%, the fair value of the loan is estimated at N 20.7 billion. The difference of N 3.66 billion between the gross proceeds and the fair value of the loan is the benefit derived from the interest-free loan and is recognised as deferred revenue. The facility is secured by a debenture on all fixed and floating assets of the company to be shared pari passu with existing lenders.

				Group		
	Currency	**Nominal interest rate**	**Maturity**	**31/12/12 N'000**	**31/12/11 N'000**	**1/1/11 N'000**
Bank overdrafts			On demand	1,262,966	4,517,847	36,440
Other borrowings						
Subordinated loans	Naira	10%	12/2016	29,996,522	36,364,771	39,876,262
Loans from Parent Company	Naira	10%	06/2021	45,000,000	48,261,712	12,655,220
Loan from Bulk Commodities Inc.	Naira	6%	On demand	514,214	517,086	492,427
Power intervention loan	Naira	7%	07&12/2021	20,640,260	8,734,991	-
Syndicated Bank loans	Naira	10-15%	12/2013&2014	37,333,334	53,333,335	80,000,000
Sephaku Bank loan	Rands	9.08%	11/2022	29,411,863	-	-
Total borrowings at 31 December 2012				162,896,193	147,211,895	133,023,909

				Company		
	Currency	**Nominal interest rate**	**Maturity**	**31/12/12 N'000**	**31/12/11 N'000**	**1/1/11 N'000**
Bank overdrafts						
			On demand	-	4,169,563	36,440
Other borrowings						
Subordinated loans	Naira	10%	12/2016	29,996,522	36,364,771	39,876,262
Loans from Parent Company	Naira	10%	06/2021	45,000,000	48,261,712	12,655,220
Loan from Bulk Commodities Inc.	Naira	6%	On demand	514,214	517,086	492,427
Power intervention loan	Naira	7%	07&12/2021	20,640,260	8,734,991	-
Syndicated Bank loans	Naira	10-15%	12/2013&2014	37,333,334	53,333,335	80,000,000
				133,484,330	147,211,895	133,023,909

24. Borrowings (continued)

The maturity profile of loans and borrowings is as follows:

	Group			Company		
	31/12/12	**31/12/11**	**1/1/11**	**31/12/12**	**31/12/11**	**1/1/11**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Due within one month	656,349	-	-	656,349	-	-
Due from one to three months	11,823,530	6,666,666	6,666,666	11,823,530	6,666,666	6,666,666
Due from three to twelve months	37,953,850	23,778,800	45,852,406	37,953,850	23,778,800	45,852,406
Total current portion repayable in one year	50,433,729	30,445,466	52,519,072	50,433,729	30,445,466	52,519,072
Due in the second year	20,813,992	42,079,257	26,666,666	20,417,408	42,079,257	26,666,667
Due in the third year	21,072,378	16,405,229	33,838,170	17,919,515	16,405,229	33,838,170
Due in the fourth year	14,225,240	22,775,407	10,000,000	7,919,514	22,775,407	10,000,000
Due in the fifth year and further	56,350,854	35,506,536	10,000,000	36,794,164	35,506,536	10,000,000
Total long-term portion of loans and borrowings	112,462,464	116,766,429	80,504,837	83,050,601	116,766,429	80,504,837
Total	162,896,193	147,211,895	133,023,909	133,484,330	147,211,895	133,023,909

25. Deferred revenue

	Group			Company		
	31/12/12	**31/12/11**	**1/1/11**	**31/12/12**	**31/12/11**	**1/1/11**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Deferred revenue arising from government grant (refer to (a) below	3,012,492	1,347,896	-	3,012,339	1,330,383	-
	3,012,492	1,347,896	-	3,012,339	1,330,383	-
Current	602,101	257,720	-	602,101	240,207	-
Non-current	2,410,391	1,090,176	-	2,410,238	1,090,176	-
	3,012,492	1,347,896	-	3,012,239	1,330,383	-

a) The deferred revenue mainly arises as a result of the benefit received from government loans received in 2011 and 2012 (see note 24 (e)). The revenue was recorded in other income line.

25. Deferred revenue (continued)

Movement in Deferred revenue

	Group		Company	
	31/12/12 N'000	31/12/11 N'000	31/12/12 N'000	31/12/11 N'000
At 1 January	1,347,896	-	1,330,383	-
On Acquisition of subsidiary	-	17,513	-	-
Additions during the year	2,223,232	1,434,906	2,223,232	1,434,906
	3,571,128	1,452,419	3,553,615	1,434,906
Released to profit and loss account (Other income)	(558,636)	(104,523)	(541,277)	(104,523)
Closing balance	3,012,492	1,347,896	3,012,339	1,330,383

26. Provisions for liabilities and other charges

	Group		Company	
	31/12/12 N'000	31/12/11 N'000	31/12/12 N'000	31/12/11 N'000
Balance at beginning of the year	466,893	319,370	141,823	319,370
Effect of foreign exchange differences	(19,827)	-	-	-
Provisions made during the year	33,262	-	132,959	-
Effect of acquisition of subsidiaries under common control	-	325,070	-	-
Unwinding of discount	6,982	(177,547)	-	(177,547)
Balance at the end of the year	487,310	466,893	274,782	141,823

26.1 The above provision represents the Group's obligations to settle environmental restoration and dismantling / decommissioning cost of property, plant and equipment. The expenditure is expected to be utilised at the end of the useful lives for the mines which is estimated to be between the year 2025 to 2035.

27. Employee benefits

27.1 Defined contribution plans

	Group		Company	
	31/12/12 N'000	31/12/11 N'000	31/12/12 N'000	31/12/11 N'000
Balance at beginning of the year	95,927	99,309	95,927	99,309
Provision for the year	179,629	207,920	175,355	207,920
Payments during the year	(105,898)	(211,302)	(101,624)	(211,302)
Balance at the end of the year	169,658	95,927	169,658	95,927

Outstanding staff pension deductions that have not been remitted as at year end have been accrued for in accordance with the Pension Reform Act, 2004. The employees of the Group are members of a state arranged Pension scheme which is managed by several private sector service providers. The Group is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the defined contribution plan is to make the specified contributions.

The total expense recognised in profit or loss of N180million (2011: N 208 million) represents contributions payable to these plans by the Company at rates specified in the rules of the plans.

27. Employee benefits (continued)

27.2 Defined benefit plans

The Group operates a funded defined benefit plan ("gratuity") for qualifying employees in Nigeria. Under the plan, the employees are entitled to retirement benefits on attainment of a retirement age of 55. No other post-retirement benefits are provided to these employees. The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 31 December 2012 by HR Nigeria Limited. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

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

	Group & Company		
	31/12/12	**31/12/11**	**1/1/11**
	%	**%**	**%**
Discount rate(s)	13	13	12
Expected rate(s) of salary increase	12	12	10
Inflation rate	10	10	10

The amount included in the consolidated and separate statement of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows.

	Group & Company		
	31/12/12	**31/12/11**	**31/12/10**
	N'000	**N'000**	**N'000**
Present value of the defined benefit obligation	2,101,935	1,517,324	913,632

Movements in the fair value of plan assets are as follows:

	Group & Company	
	31/12/12	**31/12/11**
	N'000	**N'000**
At 1 January	144,810	-
Expected return on plan assets	25,959	1,384
Actuarial gains/(losses)	10,211	-
Contributions by employer	177,279	143,426
At 31 December	358,259	144,810

27. Employee benefits (continued)

Movements in the present value of the defined benefit obligation are as follows:

	Group & Company	
	31/12/12	**31/12/11**
	N'000	**N'000**
At 1 January	1,517,324	913,632
Current service cost	445,860	223,216
Interest cost	196,604	108,217
Actuarial losses	282,547	473,946
Benefits paid	(340,400)	(201,687)
At 31 December	2,101,935	1,517,324

The major categories of plan assets, and the expected rate of return at the end of the reporting period for each category, are as follows.

	Group & Company			
	Expected return		Fair value of plan assets	
	31/12/12	**31/12/11**	**31/12/12**	**31/12/11**
	%	**%**	**N'000**	**N'000**
Government Securities	-	-	461	-
Cash	-	-	69	481
Money market instruments	14	12	358,080	144, 329
			358,610	144,810

The overall expected rate of return is a weighted average of the expected returns of the various categories of plan assets held. The directors' assessment of the expected returns is based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation.

The Group expects to make a contribution of N 200 million (2011: N177 million) to the defined benefit plans during the next financial year.

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

	Group & Company	
	31/12/12	**31/12/11**
	N’000	**N’000**
Current service cost	445,860	223,216
Interest on obligation	196,604	108,217
Expected return on plan assets	(25,959)	(1,384)
	616,505	330,049

27. Employee benefits (continued)

Amounts recognised in other comprehensive income

	Group & Company	
	31/12/12	**31/12/11**
	N'000	**N'000**
Actuarial loss on defined benefit obligation	(282,547)	(473,946)
Actuarial gain on plan assets	10,211	-
	(272,336)	(473, 946)

History of plan

	Group & Company		
	2012	**2011**	**2010**
	N'000	**N'000**	**N'000**
Present value of defined benefit obligations	2,101,935	1,517,324	913,632
Fair value of plan assets	(358,259)	(144,810)	-
Deficit	1,743,676	1,372,514	913,632

28. Financial instruments

28.1. Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings as detailed in note 24 offset by cash and bank balances) and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as detailed below.

	Group			Company		
	31/12/12	**31/12/11**	**1/1/11**	**31/12/12**	**31/12/11**	**1/1/11**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Net debt	119,733,840	128,893,275	111,783,685	91,785,817	133,609,935	111,783,685
Equity	420,001,891	290,370,886	208,238,023	427,606,594	294,318,046	208,238,023

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

The Group's risk management committee reviews the capital structure of the Group on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. The Group endeavours to maintain an optimum mix of net gearing ratio which provides benefits of trading on equity without exposing the group to any undue long term liquidity risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain the capital or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue new and/or bonus shares, or raise debts in favourable market conditions.

The net debt to equity ratio as on 31 December 2012 is 28.5%. The Group is anticipating this to increase going forward.

Dangote Cement Plc

Notes to the consolidated and separate financial statements
For the year ended 31 December 2012

28. Financial instruments (continued)

28.1.1 Debt to equity ratio

The debt to equity ratio at end of the reporting period was as follows.

	Group			Company		
	31/12/12 N'000	31/12/11 N'000	1/1/11 N'000	31/12/12 N'000	31/12/11 N'000	1/1/11 N'000
Debt (Note 24)	162,896,193	147,211,895	133,023,909	133,484,330	147,211,895	133,023,909
Cash and cash equivalent (Note 30)	43,162,353	18,318,620	21,240,224	41,698,513	13,601,960	21,240,224
Net debt	119,733,840	128,893,275	111,783,685	91,785,817	133,609,935	111,783,685
Equity	420,001,891	290,370,886	208,238,023	427,606,594	294,318,046	208,238,023
Net debt to equity ratio	0.29	0.44	0.54	0.22	0.45	0.54

28.2. Categories of financial instruments

	Group			Company		
	31/12/12 N'000	31/12/11 N'000	1/1/11 N'000	31/12/12 N'000	31/12/11 N'000	1/1/11 N'000
Financial assets- Loans and receivables						
Cash and bank balances	15,361,914	13,152,125	10,760,935	12,635,108	8,087,180	10,760,935
Short term deposits	29,063,405	9,684,342	10,515,729	29,063,405	9,684,343	10,515,729
Trade and other receivables*	15,776,078	18,530,318	12,260,862	4,990,785	3,394,812	12,260,862
Due from related parties	4,121,465	6,044,944	31,895,927	90,047,435	74,554,538	31,895,927
Total financial assets	64,322,862	47,411,729	75,949,182	136,736,733	95,720,873	65,433,453
Financial liabilities – At Amortised cost						
Trade and other payables**	55,245,679	37,493,678	36,336,129	46,184,312	32,609,962	36,336,129
Bank loans	87,385,457	62,068,326	80,000,000	57,973,594	62,068,326	80,000,000
Overdraft	1,262,966	4,517,847	36,440	-	4,169,563	36,440
Inter-company borrowings	75,510,736	85,143,569	53,023,909	75,510,736	85,143,569	53,023,909
Due to related parties	18,054,610	29,945,216	8,742,637	16,728,896	29,719,801	8,742,637
	237,459,448	219,168,636	178,139,115	196,397,538	213,711,221	178,139,115

** Defined as total trade and other receivables excluding prepayments, accrued income and amounts relating to taxation*

*** Defined as total trade and other payables excluding, taxation and social security*

28.3 Financial risk management objectives

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group and analyses exposures by degree and magnitude of risks. These risks include currency risk, credit risk, and liquidity risk.

28.4 Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (Note 28.5.1) and interest rates (Note 28.7).

28. Financial instruments (continued)

28.5 Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The carrying amounts of the Group's and Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

	Group			
	Liabilities		Assets	
	31/12/12 N'000	31/12/11 N'000	31/12/12 N'000	31/12/11 N'000
US Dollars	4,577,127	9,347,372	364,375	108,882

	Company			
	Liabilities		Assets	
	31/12/12 N'000	31/12/11 N'000	31/12/12 N'000	31/12/11 N'000
US Dollars	3,807,471	9,138,853	364,375	108,882

28.5.1. Foreign currency sensitivity analysis

The Group is mainly exposed to US Dollars.

The following table details the Group's and Company's sensitivity to a 3% increase and decrease in the Naira against the US Dollar. 3% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 3% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit or equity where the Naira strengthens 3% against the relevant currency. For a 3% weakening of the Naira against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

	Group	
	31/12/12 N'000	31/12/11 N'000
Effect on Profit or loss/Equity	126,383	277,155

	Company	
	31/12/12 N'000	31/12/11 N'000
Effect on Profit or loss/Equity	103,293	270,899

This is mainly attributable to the exposure outstanding on US dollar receivables and payables at the end of the reporting period.

28. Financial instruments (continued)

The Group's and Company's sensitivity to foreign currency has decreased during the current year mainly due to the reduction in purchases in the last quarter of the financial year which has resulted in lower US Dollar denominated trade payables.

28.6 Credit risk management

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties.

The Company's business is primarily on cash basis. Revolving credits granted to major distributors and very large corporate customers approximates about N5 billion and these are payable within 15-30 days. Stringent credit control is exercised at the granting of credit, this is done through the review and approval by executive management based on the recommendation of the independent credit control group.

Credits to major distributors are guaranteed against bank guarantee with an average credit period of no more than 15 days.

For very large corporate customers, clean credits are granted based on previous business relationships and positive credit worthiness which is performed on an on-going basis. These credits are usually payable at no more than 30 days.

The Group and the Company do not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as related entities with similar characteristics. There is no material single obligor exposure to report.

Trade receivables consist of a large number of customers, spread across diverse geographical areas. On-going credit evaluation is performed on the financial condition of accounts receivable.

The credit risk on liquid funds financial instruments is limited because the counterparties are banks with high credit-ratings assigned by credit-rating agencies.

28. Financial instruments (continued)

28.7 Maximum Exposure to Credit risk

	Group			Company		
	31/12/12 N'000	**31/12/11 N'000**	**1/1/11 N'000**	**31/12/12 N'000**	**31/12/11 N'000**	**1/1/11 N'000**
Financial assets- Loans and receivables						
Cash and bank balances	15,361,914	13,152,125	10,760,935	12,635,108	8,087,180	10,760,935
Short term deposits	29,063,405	9,684,342	10,515,729	29,063,405	9,684,343	10,515,729
Trade and other receivables	15,776,078	18,530,318	12,260,862	4,990,785	3,394,812	12,260,862
Due from related parties	4,121,465	6,044,944	31,895,927	90,047,435	74,554,538	31,895,927
Total credit exposure	**64,322,862**	**47,411,729**	**65,433,453**	**136,736,733**	**95,720,873**	**65,433,453**

28.7 Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures and preference shares. The Group's policy is that not more than 40% of borrowings should mature in the next 12-month period. 42% of the Group's debt will mature in less than one year at 31 December 2012 (2011: 30%) based on the carrying value of borrowings reflected in the financial statements. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders

28.7.1 Liquidity maturity table

The following tables detail the Group's and Company's remaining contractual maturity for its financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The tables include both interest and principal cash flows.

	<1 month	**1– 3 months**	**3 mths – 1yr**	**1 - 5 yrs**
As at 31 December 2012				
Loans and borrowings	788,802	14,909,694	40,599,743	72,064,069
Trade payables	18,279,062	-	-	-
Other payables	44,892,871	-	-	-
Total	63,960,735	14,909,694	40,599,743	72,064,069

28. Financial instruments (continued)

28.7 Maximum Exposure to Credit risk (continued)

28.7.1 Liquidity maturity table (continued)

	<1 month	1– 3 months	3 mths – 1yr	1 - 5 yrs
As at 31 December 2011				
Loans and borrowings	100,822	10,191,833	33,483,996	110,590,521
Trade payables	5,823,674	-	-	-
Other payables	40,555,174	-	-	-
Total	46,479,670	10,191,833	33,483,996	110,590,521

As at 1 January 2011	<1 month	1– 3 months	3 mths – 1yr	1 - 5 yrs
Loans and borrowings	-	8,742,557	25,569,977	90,216,684
Trade payables	4,967,501	-	-	-
Other payables	34,920,514	-	-	-
Total	39,888,015	8,742,557	25,569,977	90,216,684

Interest Risk

The Company is exposed to interest risk via floating rate interest bearing loans which are tied to the Monetary Pricing Rate in Nigeria.

The following table details the sensitivity to a 2% increase or decrease in MPR which is the range of margin by which the CBN's long term outlook for 2013 expects changes to occur.

Sephaku's floating interest loan was tested for sensitivity using a 9% change in rates which is the average change in JIBAR over the last year.

	Group	
	31/12/12 N'000	31/12/11 N'000
Profit or loss	1,194,426	597,105

	Company	
	31/12/12 N'000	31/12/11 N'000
Profit or loss	283,808	597,105

28.7.2 Fair Valuation of financial assets and liabilities

The carrying amount of trade and other receivables, cash and bank balances and amounts due from and to related parties as well as trade payables, other payables approximate their fair values because of the short-term nature of these instruments and, for trade and other receivables, because of the fact that any loss from recoverability is reflected in an impairment loss. The fair values of loans and borrowings are determined using interest effective interest method. For loans and borrowings payable at fixed rates fair value has been estimated by reference to the market rates available at the balance sheet date for similar instruments of maturity equal to the remaining fixed period.

29. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation. Details of transactions between the Group and Company, and other related parties are disclosed below.

The Group and the Company, in the normal course of business, sells to and buys from other business enterprises that fall within the definition of a 'related party' contained in International Accounting Standard 24. These transactions mainly comprise purchases, sales, finance costs and management fees paid to shareholders. Management is of the view that such transactions are carried out at arms-length. The companies in the Group also provide funds to and receive funds from each other as and when required for working capital financing.

29.1 Trading transactions

During the year, Group entities entered into the following trading transactions with related parties that are not members of the Group:

	Sales of goods		Purchases of goods	
	Year ended 31/12/12 N'000	Year ended 31/12/11 N'000	Year ended 31/12/12 N'000	Year ended 31/12/11 N'000
Parent company	-	-	965,833	1,009,014
Entities controlled by the parent company	-	4,522	10,612,323	8,114,493

During the year, Company entities entered into the following trading transactions with related parties:

	Sales of goods		Purchases of goods	
	Year ended 31/12/12 N'000	Year ended 31/12/11 N'000	Year ended 31/12/12 N'000	Year ended 31/12/11 N'000
Parent company	-	-	965,833	1,009,014
Entities controlled by the parent company	-	4,522	10,612,323	8,114,493

Sales to and purchases from related parties are made at normal market prices. Outstanding balances at year end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables.

29. Related party transactions (continued)

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

	Group					
	Amounts owed by related parties			Amounts owed to related parties		
	31/12/12 N'000	31/12/11 N'000	1/1/11 N'000	31/12/12 N'000	31/12/11 N'000	1/1/11 N'000
Parent company	-	-	20,711,582	5,741,570	9,536,137	1,753,823
Entities controlled by the parent company	3,786,698	5,316,954	9,162,562	2,482,271	2,169,361	2,005,555
Affiliates and associates of parent company*	334,767	727,990	2,021,783	9,830,769	18,239,718	4,983,259
	4,121,465	6,044,944	31,895,927	18,054,610	29,945,216	8,742,637

	Company					
	Amounts owed by related parties			Amounts owed to related parties		
	31/12/12 N'000	31/12/11 N'000	1/1/11 N'000	31/12/12 N'000	31/12/11 N'000	1/1/11 N'000
Parent company	-	-	20,711,582	5,741,570	9,536,137	1,753,823
Entities controlled by the parent company	3,786,697	5,316,954	9,162,562	2,482,271	2,169,361	2,005,555
Entities controlled by the company	85,925,971	69,033,647	-	-	-	-
Affiliates and associates of the parent company*	334,767	203,937	2,021,783	8,505,055	18,014,303	4,983,259
	90,047,435	74,554,538	31,895,927	16,728,896	29,719,801	8,742,637

* These are entities over which the parent company has significant influence

Sales of goods to related parties were made at the Group's and Company's usual price lists, Purchases were made at market price discounted to reflect the quantity of goods purchased and the relationships between the parties.

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

29. Related party transactions (continued)

29.2 Loans from related parties

	Group		
	31/12/12 N'000	**31/12/11 N'000**	**1/1/11 N'000**
Loans from entities controlled by parent company	514,214	517,086	492,427
Loans from parent company	74,996,522	84,626,483	52,531,482

	Company		
	31/12/12 N'000	**31/12/11 N'000**	**1/1/11 N'000**
Loans from entities controlled by parent company	514,214	517,086	492,427
Loans from parent company	74,996,522	84,626,483	52,531,482

Except as described in note 24 (c), the Group has been provided loans at rates and terms comparable to the average commercial rate of interest terms prevailing in the market. The loans are unsecured.

29.3 Compensation of key management personnel

The remuneration of key management personnel during the year was as follows:

	Group		Company	
	Year ended 31/12/12 N'000	**Year ended 31/12/11 N'000**	**Year ended 31/12/12 N'000**	**Year ended 31/12/11 N'000**
Short-term benefits	169,660	41,038	119,886	41,038
Provision for staff pension benefits	2,590	-	-	-
	172,250	41,038	119,886	41,038

29.4 Other related party transactions

In addition to the above, Dangote Industries Limited performed certain administrative services for the Company, for which a management fee of N1.1 billion (2011: N2.1 billion) was charged and paid, being an appropriate allocation of costs incurred by relevant administrative departments.

During the period, no director had any transaction with the Group and company.

30. Supplemental cash flow disclosures

30.1. Cash and cash equivalents

	Group			Company		
	31/12/12 N'000	**31/12/11 N'000**	**1/1/11 N'000**	**31/12/12 N'000**	**31/12/11 N'000**	**1/1/11 N'000**
Cash and bank balances	15,361,914	13,152,125	10,760,935	12,635,108	8,087,180	10,760,935
Short term deposits	29,063,405	9,684,342	10,515,729	29,063,405	9,684,343	10,515,729
	44,425,319	22,836,467	21,276,664	41,698,513	17,771,523	21,276,664
Bank overdrafts used for cash management purposes	(1,262,966)	(4,517,847)	(36,440)	-	(4,169,563)	(36,440)
Cash and cash equivalents	43,162,353	18,318,620	21,240,224	41,698,513	13,601,960	21,240,224

30.2 List non-cash transactions

The Group has presented cash flows from operating activities using the indirect method, whereby profit or loss is adjusted for the effects of non-cash transactions, accruals and deferrals, and items of income or expense associated with investing or financing cash flows. In addition, the following assets and liabilities were acquired under common control but were excluded from the cash flow in 2011:

Assets and liabilities acquired under common control

	N'000
Property, plant and equipment	48,866,797
Other non-current assets	1,788,478
Non-current assets	50,655,275
Current assets	43,302,190
Total liabilities	(70,282,272)
Net assets acquired	23,675,193

31. Operating lease arrangements

Operating leases relate to leases of depots with lease terms of between 1 and 3 years. The Group does not have an option to purchase the leased land at the expiry of the lease periods. The Group also entered into long term leases of land for 99 years.

Payments recognised as an expense

	Group		Company	
	Year ended 31/12/12 N'000	**Year ended 31/12/11 N'000**	**Year ended 31/12/12 N'000**	**Year ended 31/12/11 N'000**
Minimum lease payments	584,267	157,660	433,134	157,660

31. Operating lease arrangements (continued)

Non-cancellable operating lease commitments

	Group			Company		
	31/12/12 N'000	31/12/11 N'000	1/1/11 N'000	31/12/12 N'000	31/12/11 N'000	1/1/11 N'000
Not later than 1 year	539,337	289,524	71,895	433,134	157,660	71,895
Later than 1 year and not later than 5 years	582,920	1,192,822	763,453	166,771	604,594	763,453
Later than 5 years	-	-	-	-	-	-
	1,122,257	1,482,346	835,348	599,905	762,254	835,348

32. Commitments for expenditure

	Group			Company		
	31/12/12 N'000	31/12/11 N'000	1/1/11 N'000	31/12/12 N'000	31/12/11 N'000	1/1/11 N'000
Commitments for the acquisition of property, plant and equipment	140,211,419	134,572,706	28,634,350	35,242,358	89,451,819	28,634,350

33. Contingent liabilities and contingent assets

No provision has been made in these consolidated financial statements for contingent liabilities in respect of litigation against the Company and its subsidiaries to N822.32 million (2011: N7.9 billion). According to the solicitors acting on behalf of the Company and its subsidiaries, the liabilities arising, if any, are not likely to be significant.

The company also has unconfirmed letters of credit amounting to N27.4b (USD 176m) as at year end.

Litigation in Senegal

The title to the land on which part of the facilities of Dangote Cement Senegal SA (DCS) are located is in dispute.

The heirs of Serigne Saliou Mbacke instituted a legal proceeding against DCS, alleging that construction encroached on land assigned to their late father, the deceased caliph Serigne Salihou Mbacke.

The construction work is temporarily on hold as a result of an interim Administrative Order from the local authorities. DCS has challenged the legality of the Administrative Order since the legal proceeding is still before the courts.

The impact, if any, arising out of this legal dispute cannot be determined at this stage but DCS has been advised by its legal counsel that it has a strong case.

34. Explanation of transition to IFRS

These are the Group's first consolidated and separate financial statements prepared in accordance with IFRS.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 December 2012, the comparative information presented for the year ended 31 December 2011 and the opening IFRS statement of financial position as at 1 January 2011.

In accordance with the requirements of the Financial Reporting Council of Nigeria, the Company has carried out the transformation to IFRS with effect from 1 January 2011. Reconciliation between Nigerian GAAP and IFRS of the Company's statement of financial position as at 1 January 2011 and 31 December 2011 is provided hereunder.

The Company's major subsidiaries had been preparing financial statements under IFRS previously. Therefore, for the consolidated statement of financial position, other than those adjustments arising on the transition from Nigerian GAAP to IFRS of the Company, the only other adjustments made were to reflect the Group's policy for accounting for common control transactions. The impact of these other adjustments is not material and therefore no separate reconciliation is provided for the Group's statement of financial position on the transition date and as at the end of the comparative period. Reconciliations of Group shareholders' equity and total comprehensive income have been provided hereunder.

The significant differences between Nigerian GAAP accounting policies and IFRS accounting policies are as follows:

34. Explanation of transition to IFRS (continued)

Statement of Financial Position as at 1 January 2011

Company	Local GAAP N'000	Correction of Errors N'000	IFRS adjustments N'000	Reclassific-ation N'000	IFRSs N'000
Assets					
Non-current assets					
Property, plant and equipment (g)	285,442,982	(5,268,832)	-	25,481,167	305,655,317
Intangible assets (e)	-	-	-	54,437	54,437
Investments	50	-	-	-	50
Deferred income tax asset	-	-	-	-	-
Prepayments	-	-	-	5,358,404	5,358,404
Total non-current assets	285,443,032	(5,268,832)	-	30,894,008	311,068,208
Current assets					
Inventories (f)	14,865,279	-	-	(836,682)	14,028,597
Trade and other receivables	11,378,174	-	-	882,688	12,260,862
Other receivables and prepayments	44,027,246	-	-	(44,027,246)	-
Due from related companies	25,050,099	-	-	6,845,828	31,895,927
Prepayments	-	-	-	5,752,991	5,752,991
Short-term investments	10,515,729	-	-	(10,515,729)	-
Cash and cash equivalents	10,760,935	-	-	10,515,729	21,276,664
Total current assets	116,597,462	-	-	(31,382,421)	85,215,041
TOTAL ASSETS	402,040,494	(5,268,832)	-	(488,413)	396,283,249
Equity & liabilities					
Equity					
Share capital	7,745,685	-	-	-	7,745,685
Share premium	42,430,000	-	-	-	42,430,000
Capital contribution (d)		-	2,828,497	-	2,828,497
Retained earnings	161,333,530	(5,072,958)	(1,026,731)	-	155,233,841
Equity attributable to owners of the Company	211,509,215	(5,072,958)	1,801,766	-	208,238,023
Non-current liabilities					
Deferred tax liabilities	1,924,400	-	-	-	1,924,400
Borrowings (d)	98,251,414	-	(2,828,497)	(14,918,080)	80,504,837
Provisions for liabilities and other charges (a)		-	319,370	-	319,370
Retirement benefits obligation (b)	494,683	-	418,949	-	913,632
Total non-current liabilities	100,670,497	-	(2,090,178)	(14,918,080)	83,662,239
Current liabilities					
Bank overdraft	36,440	-	-	-	36,440
Trade and other payables	5,163,376	(195,874)	-	34,920,513	39,888,015
Current income tax payable	3,196,823	-	-	-	3,196,823
Other payables	36,874,337	-	-	(36,874,337)	-
Borrowings	37,600,992	-	-	14,918,080	52,519,072
Due to related parties	6,988,814	-	-	1,753,823	8,742,637
Total current liabilities	89,860,782	(195,874)	-	14,718,079	104,382,987
Total equity and liabilities	402,040,494	(5,268,832)	(288,412)	(200,001)	396,283,249

Dangote Cement Plc

Notes to the consolidated and separate financial statements
For the year ended 31 December 2012

34. Explanation of transition to IFRS (continued)

34.2 Statement of Financial Position as at 31 December 2011

Company	Local GAAP N'000	IFRS adjustments N'000	Reclassific-ation N'000	IFRSs N'000
Assets				
Non-current assets				
Property, plant and equipment (g)	346,965,606	(1,134,963)	3,013,628	348,844,271
Intangible assets (e)	-	-	8,650	8,650
Investments	27,622,401	-	-	27,622,401
Deferred income tax asset	7,948,746	-	-	7,948,746
Prepayments	-	-	25,650,934	25,650,934
Total non-current assets	382,536,753	(1,134,963)	28,673,212	410,075,002
Current assets				
Inventories (f)	14,577,381	-	(1,139,239)	13,438,142
Trade and other receivables	1,873,600	-	1,521,212	3,394,812
Other receivables and prepayments	34,625,941	-	(34,625,941)	-
Due from related companies	74,554,538	-	-	74,554,538
Prepayments	-	-	4,811,904	4,811,904
Short-term investments	9,684,342	-	(9,684,342)	-
Cash and cash equivalents	8,087,181	-	9,684,342	17,771,523
Total current assets	143,402,983	-	(29,432,064)	113,970,919
TOTAL ASSETS	525,939,736	(1,134,963)	(758,852)	524,045,921
Equity & liabilities				
Equity				
Share capital	7,745,685	-	-	7,745,685
Share premium	42,430,000	-	-	42,430,000
Capital contribution (d)		2,828,497	-	2,828,497
Employee benefit reserve	-	(473,946)	-	(473,946)
Retained earnings	246,877,990	(5,090,180)	-	241,787,810
Equity attributable to owners of the Company	297,053,675	(2,735,629)	-	294,318,046
Non-current liabilities				
Borrowings (d)	118,036,845	(1,270,416)	-	116,766,429
Provisions for liabilities and other charges (a)		141,823	-	141,823
Deferred revenue (h)	-	1,090,176	-	1,090,176
Retirement benefits obligation (b)	482,490	890,024	-	1,372,514
Total non-current liabilities	118,519,335	851,607	-	119,370,942
Current liabilities				
Bank overdraft	4,169,563	-	-	4,169,563
Trade and other payables	3,177,802	-	38,327,918	41,505,720
Current income tax payable	4,276,176	-	-	4,276,176
Other payables	38,577,918	-	(38,577,918)	-
Borrowings	30,445,466	-	-	30,445,466
Deferred revenue (h)	-	240,207	-	240,207
Due to related parties	29,719,801	-	-	29,719,801
Total current liabilities	110,366,726	240,207	(250,000)	110,356,933
Total equity and liabilities	525,939,736	(1,643,815)	(250,000)	524,045,921

34. Explanation of transition to IFRS (continued)

Reconciliation of equity

		Group		Company	
		31/12/11 N'000	**1/01/11 N'000**	**31/12/11 N'000**	**1/01/11 N'000**
Shareholders' equity under Nigerian GAAP		304,538,206	211,509,215	297,053,675	211,509,215
Provisions	(a)	108,176	(119,370)	108,176	(119,370)
Employee benefit plans	(b)	(890,024)	(418,948)	(890,024)	(418,948)
Property, plant and equipment	(c),(e),(f),(g)	1,878,667	1,197,880	1,878,667	1,197,880
Inventories		(1,139,240)	(792,932)	(1,139,240)	(792,932)
Initial recognition of financial assets at fair value	(d)	1,270,416	2,828,497	1,270,416	2,828,497
Other receivables	(c)	(3,937,330)	(947,798)	(2,641,990)	(947,798)
Intangible assets	(e)	8,649	54,437	8,649	54,437
Government grant	(h)	(1,330,283)	-	(1,330,283)	-
Reversal of goodwill	(i)	(10,139,128)	-	-	-
Correction of errors in Nigerian GAAP	(j)	2,677	(5,072,958)	-	(5,072,958)
Shareholders' equity under IFRS		**290,370,886**	**208,238,023**	**294,318,046**	**208,238,023**

Reconciliation of Total Comprehensive income

		Group	Company
Total comprehensive income under Nigerian GAAP		125,909,831	125,478,962
Provision for restoration costs	(a)	227,548	227,548
Employee benefit expense	(b)	(471,076)	(471,076)
Pre-opening expenses	(c)	(270,441)	(270,441)
Depreciation	(g)	(1,565,831)	(1,134,962)
Amortization of government grant	(h)	104,523	104,523
Finance costs	(a),(b),(d)	(2,992,987)	(2,992,987)
Total comprehensive income under IFRS		**120,941,567**	**120,941,567**

Explanation of material adjustments to the financial statements for the year 2012

(a) Under the Nigerian GAAP, provision for restoration costs was calculated on an estimated lump sum basis. Under IFRS, the detailed activity wise estimation is made for the restoration cost and the future value is calculated based on anticipated inflation rate to work out the expenditures expected to settle the obligation at the end of the lease period. The resulting amount is discounted to its present value to give effect to time value of money. As a result of this changing methodology, the Group recognises an increase in provision at 31 December 2010 of N119 million (2011: decrease of N108 million) and additional N133 million of restoration expense during the year ended 31 December 2012.

(b) Under Nigerian GAAP the provision for defined benefit scheme was calculated using the accrual method, while under IFRS the amount is determined based on the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, using the Projected Unit Credit Method. As a result, the Group recognizes additional liability of N419 million at 1 January 2011 (2011: N890 million) and additional employee benefit expense during the year ended 31 December 2012 of N272 million.

34. Explanation of transition to IFRS (continued)

(c) Under Nigerian GAAP all pre-operating expenses are capitalised as Other receivables - Pre-operation expenses, while under IFRS only those pre-operating expenses that meet capitalisation requirements of IAS 16 are capitalised as Property, plant and equipment while all other expense are expensed as incurred. The effect of this adjustment is to decrease Group's Other receivables by N270 million at 1 January 2011 (2011: N488 million) and increase of Property, plant and equipment by N677million at 1 January 2011 (2011: N 1.2 billion). The difference represents costs that do not meet capitalization criteria under IFRS and are recorded as an Administrative expense.

(d) Under Nigerian GAAP financial instruments initially are recognized at cost, while under IFRS financial instruments are recognized at fair value. The majority of these financial instruments represent loans with related parties of the Group. The initial difference is subsequently recognised as an interest expense using effective interest method under IFRS. The effect of this adjustment was a decrease in financial liability by N 2.8 billion at 1 January 2011 (2011: N1,270,416).

(e) The Group classifies computer software as part of property, plant and equipment under Nigerian GAAP. Under IFRS, computer software is generally be recognised as an intangible asset unless it can be considered to be an integral part of Property, plant and equipment. As a result, the Group reclassified its Computer software as a separate intangible asset under IFRS. The effect of this adjustment was to decrease Property, plant and equipment and increase Intangible assets by N54.4 million at 1 January 2011 (2011: N8.6 million).

(f) Under Nigerian GAAP certain strategic spare parts are classified as Inventory. Under IFRS, strategic parts are recorded within Property, plant and equipment. The effect of the adjustment is to increase Property plant and equipment and decrease in Inventory by N375.4 million at 1 January 2011 (2011: N763.8 million).

(g) Under Nigerian GAAP, an item of Property, plant and equipment composed of significant parts is generally depreciated over a weighted-average useful life for the item as a whole. Under IFRS, significant components of an item of Property, plant and equipment with different useful lives or different patterns of depreciation are depreciated separately (i.e., a "components" approach). The effect of the adjustment was to decrease Property, plant and equipment by N1.1 billion at 31 December 2011 and increase in depreciation expense of the corresponding (N2.6 billion) amount during the year ended 31 December 2012.

(h) Under Nigerian GAAP, there is no concept of government grant. Under IFRS in accordance with accounting policy applied government grant is initially recognized as a difference between the fair value and cost of loan received, and subsequently recognised in other income on a systematic basis over the periods in which the related costs for which the grants are intended to compensate are recognized.

(i) On adoption of IFRS, the Group has adopted new policy to account for all acquisition of entities under common control. Accordingly excess of consideration paid over net assets taken over on acquisition is adjusted to Equity as against Goodwill which was done under earlier GAAP The relevant amount is N9,048,671. Group has consolidated entities under common control based on control over financial and operating policies which was not carried out under NGAAP. The impact on this account is N1,184,625.Further Group has consolidated entities prospectively with effect from 31 December 2011 and resultant difference in reserves and NCI amounting to N 94,169 is also included under this category

(j) The above amount does not represent adjustment between Nigerian GAAP and IFRS. The amount represents prior year adjustment under Nigerian GAAP recorded in 2011 related to depreciation charge on the assets which were previously included in land and thus not depreciated and is included for informational purposes. Also included in this category an adjustment related to wrong exchange rate used in the calculation of net equity for consolidation of subsidiaries.

In order to comply with IFRS presentation requirements, there are certain reclassifications between line items in the balance sheets presented above.

Dangote Cement Plc

Non IFRS Statement

Statement of Value Added

	Group				Company			
	2012 N'000	**%**	**2011 N'000**	**%**	**2012 N'000**	**%**	**2011 N'000**	**%**
Sales	298,454,068		241,405,977		285,635,278		241,405,977	
Interest received	2,414,734		1,479,948		2,391,030		1,479,948	
Other income	4,400,440		650,510		4,374,446		650,510	
	305,269,242		243,536,435		292,400,754		243,536,435	
Bought-in-materials and services:								
- Imported	(31,046,760)		(46,259,235)		(19,949,415)		(46,259,235)	
- Local	(86,572,703)		(54,436,136)		(84,696,096)		(54,436,136)	
Value added	**187,649,779**	**100**	**142,841,064**	**100**	**187,755,243**	**100**	**142,841,064**	**100**
Applied as follows:								
To pay employees:								
Salaries, wages and other benefits	11,122,434	5.93	7,483,866	5.24	9,984,068	5.32	7,483,866	5.24
To pay Government:								
Taxation	788,263	0.42	2,237,189	1.57	787,428	0.42	2,237,189	1.57
To pay providers of capital:								
Finance charges	13,258,957	7.07	5,442,653	3.81	12,407,023	6.61	5,442,653	3.81
To provide for maintenance of fixed assets:								
- Depreciation	27,593,659	14.71	16,089,202	11.26	27,267,634	14.52	16,089,202	11.26
- Amortization	27,140	0.02	45,787	0.04	7,802	0.01	45,787	0.04
- Deferred taxation	(17,073,887)	(9.10)	(9,873,146)	(6.92)	(15,623,810)	(8.33)	(9,873,146)	(6.92)
- Non controlling interest	(87,477)	(0.05)	-	-	-	-	-	-
- Profit and loss account	152,020,690	81	121,415,513	85.00	152,925,098	81.45	121,415,513	85.00
	187,649,779	**100**	**142,841,064**	**100**	**187,755,243**	**100**	**142,841,064**	**100**

Value added represents the additional wealth which the company has been able to create by its own and its employees' efforts. The statement shows the allocation of that wealth to employees, government, providers of finance and shareholders, and that retained for future creation of more wealth.

Dangote Cement Plc

Non IFRS Statement

TWO-YEAR FINANCIAL SUMMARY

GROUP

	IFRS 2012 N'000	IFRS 2011 N'000
BALANCE SHEET		
ASSETS/LIABILITIES		
Property, plant and equipment	478,091,577	397,711,067
Intangible assets	1,726,734	1,797,127
Long term investments	-	50
Prepayments	45,015,692	52,395,768
Net current liabilities	(12,135,067)	(49,196,828)
Deferred taxation assets	24,406,796	7,359,714
Long term debts	(112,462,464)	(116,766,429)
Staff gratuity	(1,743,676)	(1,372,514)
Other non-current liabilities	(2,897,701)	(1,557,069)
NET ASSETS	**420,001,891**	**290,370,886**
CAPITAL AND RESERVES		
Share capital	8,520,254	7,745,685
Share premium	42,430,000	42,430,000
Capital contribution	2,876,642	2,876,642
Employee benefit reserve	(746,282)	(473,946)
Currency translation reserve	(1,443,862)	-
Retained earnings	361,130,672	229,245,844
Non controlling interest	7,234,467	8,546,661
	420,001,891	**290,370,886**
Turnover, Profit and Loss account		
Turnover	298,454,068	241,405,977
Profit before taxation	135,647,589	113,779,556
Taxation	16,285,624	7,635,957
Profit after taxation	**151,933,213**	**121,415,513**
Per share data (Naira):		
Earnings - (Basic)	8.92	7.13
Net assets	24.65	18.74

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

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

There are only two years of information presented as the Company only acquired its subsidiaries in 2011.

Dangote Cement Plc

Non IFRS Statement

FIVE-YEAR FINANCIAL SUMMARY

COMPANY

	IFRS 2012 N'000	**IFRS 2011 N'000**	**IFRS 2010 N'000**	**NGAAP 2009 N'000**	**NGAAP 2008 N'000**
BALANCE SHEET ASSETS/(LIABILITIES)					
Property Plant and Equipment	377,864,231	348,844,271	305,655,317	142,388,500	135,621,674
Intangible assets	848	8,650	54,437	-	-
Long term investments	25,096,917	27,622,401	50	16,659,134	-
Prepayments	21,062,209	25,650,934	5,358,404	-	-
Net current (liabilities)/assets	67,489,130	3,613,986	(19,167,946)	41,521,212	1,806,654
Deferred taxation assets/(liabilities)	23,572,556	7,948,746	(1,924,400)	(8,486,075)	(7,959,126)
Long term debts	(83,050,601)	(116,766,429)	(80,504,837)	(49,619,797)	(56,889,822)
Staff gratuity	(1,743,676)	(1,372,514)	(913,632)	(350,740)	(67,162)
Other non-current Liability	(2,685,020)	(1,231,999)	(319,370)	-	-
NET ASSETS	**427,606,594**	**294,318,046**	**208,238,023**	**142,112,234**	**72,512,218**
CAPITAL AND RESERVES					
Share capital	8,520,254	7,745,685	7,745,685	500,000	500,000
Share premium	42,430,000	42,430,000	42,430,000	42,430,000	42,430,000
Capital Contribution	2,828,497	2,828,497	2,828,497	-	-
Employee Benefit Reserve	(746,282)	(473,946)	-	-	-
Retained earnings	374,574,125	241,787,810	155,233,841	99,182,234	29,582,218
	427,606,594	**294,318,046**	**208,238,023**	**142,112,234**	**72,512,218**

	IFRS 2012 N'000	**IFRS 2011 N'000**	**NGAAP 2010 N'000**	**NGAAP 2009 N'000**	**NGAAP 2008 N'000**
Turnover, Profit and Loss account					
Turnover	285,635,278	241,405,977	202,565,699	129,797,087	61,906,088
Profit before taxation	138,088,716	113,779,556	101,334,468	49,510,037	26,624,785
Taxation	14,836,382	7,635,957	5,270,941	(2,258,711)	(8,664,675)
Profit after taxation	152,925,098	121,415,513	106,605,409	47,251,326	17,960,110
Extraordinary item	-	-	(1,282,980)	-	-
Profit after taxation and extraordinary item	**152,925,098**	**121,415,513**	**105,322,429**	**47,251,326**	**17,960,110**
Per share data (Naira):					
Earnings - (Basic)	8.98	7.13	6.80	95.00	36.00
Net assets	25.09	19.00	13.44	142.11	72.51

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

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

The adjustments which would have been necessary to the 2008 and 2009 NGAAP figures presented above would have been similar in nature to those applied at transition and described in note 34.