



2011

**ANNUAL REPORT
& ACCOUNTS**

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Dangote Cement Plc:

Cement Manufacturing

Dangote Cement PLC operates Cement Plants for local manufacturing of cement and also Cement Terminals for bagging of imported bulk cement. Striving for self-reliance, Dangote Group has made a strategic decision to establish cement-manufacturing plants in various parts of Nigeria.

Obajana Cement Plant (OCP) is a greenfield cement project commissioned at Obajana in Kogi State with cement production capacity of 5 million tons / annum. The plant is powered by a 135 MW gas-fired power plant and a natural gas pipeline. It is one of the largest private sector investments in Nigeria outside the oil sector.

Ibese Cement Plant is a greenfield cement plant consisting of two 3 million MT annual capacity production lines making for a combined 6 million metric tonnes per annum cement production. The plant is powered by a dual firing plant (Natural Gas and LPFO) of capacity 112.5 mw-gas based from siemens. The plant also has a gas pipeline of approx. 22k long for supply of gas to cement plant and power plant with a capacity of 64,000 cu.m/hr.

Dangote has successfully revived the Gboko Cement Plant (GCP - formerly BCC) in Benue State with refurbished production facilities to manufacture 3 million tons / annum of high quality cement.

The Group has also invested 64% in Sephaku Cement in South Africa, which is the single largest FDI in South Africa.

Dangote Group's current cement manufacturing facilities and their capacities include :

Unit	Location	Installed Capacity
• OCP	Kogi	10.25 million tons/annum
• BCC	Benue	3 million tons/annum
• Ibese	Ogun	6 million tons/annum

Total	19.25 million tons/annum
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New Projects

Unit	Location	Installed Capacity
• OCP	Kogi (line 4)	3 million tons/annum
• Ibese	Ogun	6 million tons/annum
• Gboko		1 million tons/annum
• CRS		1.5 million tons/annum
Total		11.5 million tons/annum



Dangote Cement Plc:

Cement Import/Export Terminals

Dangote Cement Plc operates cement terminals for bagging of imported bulk cement. At the import terminals, cement is packed and delivered mostly in 50 Kg bags, in 1.5 metric tonnes (MT) jumbo bags and in bulk load tankers of 30 MT.

Dangote Group - Cement Terminals' capacities includes:

Lagos Cement Terminals

- Apapa CT, Lagos - 3.5 million tons / annum
- Aliko Terminal, Lagos - 2.0 million tons / annum
- Continental CT, Lagos - 1.0 million tons / annum

Port Harcourt Cement Terminals

- Port Harcourt CT - 2.0 million tons / annum
- Onne CT, Port Harcourt - 1.5 million tons / annum

Overseas Cement Terminal

- Ghana CT - 2.0 million tons / annum

Combined Bagging Capacity - 12.00 million tons / annum



Dangote Cement Plc:

6 Million Metric Tonnes Per Annum

Ibese Cement Plant, Ogun State, Nigeria





Dangote Cement Plc:

5.2 Million Metric Tonnes Per Annum Line 3

Obajana Cement Plant, Kogi State, Nigeria



Dangote Cement Plc: Our Africa Operations



Location	Plant type
Benin Republic	Integrated
Cameroon	Grinding
Ethiopia	Integrated
Gabon	Integrated
Rep. Congo	Integrated
Senegal	Integrated
South Africa	Integrated
Tanzania	Integrated
Zambia	Integrated

Location	Plant type
Cote d'Ivoire	Terminal
Ghana Tema	Terminal
Ghana Takoradi	Terminal
Liberia	Terminal
Sierra Leone	Terminal
Benin Republic	Terminal
Togo	Terminal
Guinea (Conakry)	Terminal

KEY

- Integrated Plant
- Grinding Plant
- Import Terminal

Notice of 3rd Annual General Meeting

NOTICE IS HEREBY GIVEN that the 3rd Annual General Meeting of Dangote Cement Plc will be held at The Civic Centre, Ozumba Mbadiwe Road, Victoria Island, Lagos on **Thursday, May 24, 2012** at **11.00 a.m.** for the transaction of the following business:

AGENDA

ORDINARY BUSINESS

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

SPECIAL BUSINESS

7 BONUS ISSUE

To consider and if thought fit, to pass the following resolution as ordinary resolution:

That the Directors having recommended that it is desirable to capitalize the sum of ₦774,568,518.40 (Seven hundred and seventy-four million, five hundred and sixty-eight thousand, five hundred and eighteen Naira forty kobo only) from the amount standing to the credit of the Share Premium Account or other free reserves wherefrom such distribution is allowed to be made in the books of the Company and accordingly that such be set aside for distribution among the shareholders of the Company whose names appear on the Register of Members at the close of business on Friday, 11th May, 2012 in proportion of one new ordinary share of 50 kobo for every 10 ordinary shares held by them on that date on the condition that the same be not paid in cash but be applied in paying up in full 1,549,137,036 (One billion, five hundred and forty-nine million, one hundred and thirty-seven thousand and thirty-six new ordinary shares of 50 kobo each so distributed to rank *pari passu* with existing issued shares of the Company. The new shares so distributed being treated for all purposes

as capital and not income and Directors shall give effect to this resolution on receipt of necessary permission from the authorities.

Dated this 20th day of April, 2012.

BY ORDER OF THE BOARD



ITYOYILA UKPI, ESQ.

Acting Company Secretary

NOTES

PROXIES

A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A proxy for an organization may vote on a show of hand and on a poll. To be valid, executed forms of proxy should be deposited at the Registered Office of the Company or with the Registrars not less than 48 hours before the time of holding the meeting.

DIVIDEND WARRANTS AND CLOSURE OF REGISTER OF MEMBERS

If the Dividend recommended by the Directors is declared by the Shareholders at the Annual General Meeting, dividend warrants would be posted on Friday, June 1, 2012 to the shareholders, whose names are registered in the Company's Register of Members at the close of business on Friday, May 11, 2012.

AUDIT COMMITTEE

In accordance with Section 395(5) of the Companies and Allied Matters Act, CAP C20 LFN 2004, a shareholder may nominate another shareholder for appointment as member of the Audit Committee by giving notice to the Company Secretary at least 21 days before the Annual General Meeting.

CLOSURE OF REGISTER

Notice is hereby given that the Register of Members and the Transfer Books of the Company will be closed from Monday, May 14, 2012 to Friday, May 18, 2012 (both dates inclusive).

Directors, Professional Advisers and Other Corporate Information

DIRECTORS

Aliko Dangote	—	<i>Chairman</i>
Devakumar Victor Gnanados Edwin	—	<i>GMD/CEO</i>
Sani Dangote	—	<i>Director</i>
Olakunle Alake	—	<i>Director</i>
Abdu Dantata	—	<i>Director</i>
Joseph Makoju	—	<i>Director</i>
Olusegun Olusanya	—	<i>Director</i>

ACTING COMPANY SECRETARY

Ityoyila Ukpi, Esq.

REGISTERED OFFICE

Union Marble House
1, Alfred Rewane Road
P.O. Box 40032
Falomo, Ikoyi, Lagos.

REGISTRAR AND TRANSFER OFFICE

Mainstreet Bank Registrars Limited
2A, Gbagada Expressway
Anthony Village
P.M.B.12974
Lagos, Nigeria.

JOINT AUDITORS

Akintola Williams Deloitte
235, Ikorodu Road
Ilupeju, Lagos.

Ahmed Zakari & Co.
Chartered Accountants
5th Floor, African Alliance Building
F1, Sani Abacha Way, Kano.

MAJOR BANKERS

Access Bank Plc
Bank PHB
Diamond Bank Plc
Ecobank Plc
ETB
First Bank of Nigeria Plc
First City Monument Bank
Fidelity Bank Plc
GTBank Plc
Standard Chartered Bank Plc
Skye Bank Plc
United Bank for Africa Plc
Zenith Bank Plc

Financial Highlights

31ST DECEMBER, 2011

	Group 2011 N'000	Company 2010 N'000	Increase/ (Decrease) %
Major Profit and Loss Account Items			
Turnover	235,914,970	202,565,699	
Profit before tax and extra-ordinary item	118,283,108	101,334,468	
Profit after tax and extra-ordinary item	125,909,831	105,322,429	
Major Balance Sheet Items			
Share capital	7,745,685	7,745,685	
Shareholders' fund	295,827,810	211,509,215	
Fixed assets	433,918,113	310,143,761	
Cash and bank balances	12,751,413	8,908,653	
Per 50k (2010: ₦1) share data (Naira)			
Earnings — Basic	8.12	6.80	
Dividend			
125 kobo (Cash)			
1 for 10 (Bonus)			

Chairman's Statement



Aliko Dangote, GCON
Chairman, Board of Directors

Fellow Shareholders
Colleagues on the Board
Members of the Audit Committee
Representatives of the NSE, SEC and CAC
Esteemed Customers
Gentlemen of the Press
Ladies and Gentlemen

I am delighted to welcome you to the 3rd Annual General Meeting of our Company, Dangote Cement Plc to present to you the Annual Report and financial statements for the year ended 31st December, 2011. Before I go on to the main business of the day, I would like to highlight some of the significant developments in the operating environment that impacted on our performance in the last financial year.

BUSINESS ENVIRONMENT

ECONOMIC PERFORMANCE 2011

Global economy was dominated by surge in world oil prices in the first quarter following the civil unrest in Libya, a major oil-producing country, as well as the crisis in the Middle East.

In Nigeria, oil production increased following relative peace in the Niger Delta, while the economy continued to experience robust growth due to high oil prices. All these further boosted oil revenues. However, despite efforts of the Government to encourage diversification of the economy through promotion of non-oil exports, oil still accounts for 85% of Nigeria's export earnings.

Chairman's Statement

Preparations for the April general elections slowed the recapitalization deadline and successful conclusion of bank mergers and signing of MoUs, which increased market activity. The Asset Management Corporation of Nigeria's (AMCON), announcement in the first quarter that it had cleared all bad bank loans, while the assumption of duty of the new Director-General of the Nigerian Stock Exchange (NSE), boosted investors' confidence.

The Senate passed the Sovereign Investment Authority Bill with a seed capital of ₦150 billion for the take-off of the Sovereign Wealth Fund in the last quarter. The creation of a National Sovereign

₦151.5 and ₦156 to \$1 at the official and parallel markets respectively for most part of the year, while inflation rate experienced steady decline, dropping to 9.4% year on year.

The Government stepped up its reforms in the power sector and continued with the ongoing unbundling of the Power Holding Company of Nigeria (PHCN) in a move to make it more efficient. This was largely responsible for the noticeable improvement in power supply in the country in the year under review. There was also relative stability in the supply of petroleum products in the country, even though the Government hinted of the possibility of removing the fuel subsidy regime



Wealth Fund is meant to replace the Excess Crude Account (ECA), where the proceeds from oil earnings are kept.

The country's external reserves stood at \$32.64 billion as at December 31, 2011, according to the CBN. CBN's decision to diversify the external reserves from the dollar to the Chinese Yuan, attracted mixed reactions over possible strain in relationship with our main trading partner, the United States. The 2011 budget of ₦4.97 trillion was passed by the National Assembly, representing a 17.6% increase from the originally proposed ₦4.23 trillion budget in December. The figure was 12.3% higher than the 2010 actual budget. The approved 2011 budget was based on: a benchmark oil price of \$75 per barrel up 15%, oil production of 2.3 mbpd and an exchange rate of ₦150/\$.

The Naira depreciated marginally against the dollar in the wake of the MPR increase and traded at

before the end of the year. Capacity utilization in the industries improved slightly and currently hovers around 50%.

The Government's Economic Blueprint, which focused on job creation, infrastructural projects, and reduction of public spending, was also unveiled, while Government approved a new minimum wage of ₦18,000 for the country.

The foregoing represents the economic environment under which your Company operated.

POLICY STATEMENT ON ENVIRONMENTAL FRIENDLINESS OF OUR PLANTS AS WELL AS SUSTAINABLE OPERATIONS

As part of our corporate culture, we are committed to sustainable development as well as reducing the environmental impact of our cement operations.

Chairman's Statement

We are driven to conduct our own activities and operations to reflect the best environmental and social practice.

In particular, we:

- Maintain an Environmental Management System (EMS) to pursue sustainability, continual improvement and the prevention of pollution. We keep this under regular review to assess its robustness and ensure continuing fitness for purpose;
- Raise awareness of the sustainable operations agenda across all our factories and departments through specific training, performance information, and publication of this policy statement;
- Develop an industry protocol for measurement, monitoring and reporting of emissions, and find solutions to emissions of substances such as dioxins and volatile organic compounds;
- Explore the use of substituted materials used as binder and mixed with cement to avoid large amounts of CO₂ emissions;
- For emphasis, we maintain environmental friendliness of our plants by controlling dust emission levels and CO₂ emission levels as well as increasing our efforts towards sustainable operations.

CONVERSION TO IFRS

We also took steps to join global companies that report under the new International Financial Reporting Standards (IFRS), which is a globally accepted set of accounting standards and interpretations established by the International Accounting Standards Board (IASB). To this end, we engaged KPMG, one of the leading global consulting firms, to assist in making the process of transition to the new framework seamless and timely.

Complying with IFRS requirements will further help

project our status as a global brand in the international marketplace. It will also enable us to be able to compare our financial performance with international competition, attract foreign investors into our business and grant us easy access to foreign capital markets such as the London Stock Exchange (LSE), where IFRS reporting is a requirement.

RESULTS

We achieved a turnover of ₦235,704,876 compared to ₦202,565,699 in 2010.



Our operating profit grew from ₦102,969,567 in 2010 to ₦117,332,350 in 2011.

Profit before taxation grew from ₦101,334,468 in 2010 to ₦117,843,005 in 2011 while profit after taxation grew from ₦105,322,429 in 2010 to ₦125,478,962 in 2011.

DIVIDEND

The Board of Directors is pleased to recommend subject to your approval, a dividend of ₦1.25 per share in cash and also a bonus issue of 1 for 10.

BOARD CHANGES

There has been only one change on the Board since the last Annual General Meeting. Mr. Festus Odimegwu resigned from the Board as Director in March, 2012. We wish him success in his future endeavours.

Chairman's Statement

OUR STAFF

I would like to use this opportunity to thank our employees who are our greatest assets. Their commitment to work has gone a long way in helping us to actualize our set goals. We shall continue to make staff welfare our priority. We shall continue to identify the manpower development needs and send staff for training as appropriate.

SIGNIFICANT POST-BALANCE SHEET EVENTS

On the 9th of February, 2012, our ultra-modern 6



million metric tonnes Ibese Cement Plant was officially commissioned. As of that day, production capacity of Dangote Cement Plc in Nigeria stood at Gboko – 3 million metric tonnes, Obajana – 5 million metric tonnes and Ibese – 6 million metric tonnes, bringing total production to 14 million metric tonnes. Obajana line 3 with capacity of 5.250 million metric tonnes will soon be commissioned. Senegal comes up before end of first half of the year.

We are also constructing 3,000 tonnes per day cement plants in other African countries such as Zambia, Tanzania, Ethiopia, Congo, and Gabon, as well as bulk cement terminals/cement grinding units in Sierra Leone, Ivory Coast, Liberia, Ghana, Tanzania and Cameroon. And as you know, with the additional production volume, increase in turnover and profitability our esteemed shareholders are soon to be smiling with robust dividend to their banks.

We are aware of the fact that the future remains challenging in the face of the continued economic and financial instability. But with our very ambitious expansion programme here in Nigeria and later across other African countries, there is no stopping your Company from reaching the top.

APPRECIATION

Fellow shareholders and our esteemed customers, I would like to thank you for all your support throughout the year and for the confidence you have in our future. Our appreciation is also extended to my colleagues on the Board, Management and staff as well as all our other partners in progress without whose contribution we would not have made this laudable achievement.

I thank you all for your attention.

ALIKO DANGOTE, GCON
Chairman, Board of Directors

The Board



The Board



- | | | |
|------------------------------------|---|----------|
| 1. Aliko Dangote, GCON | - | Chairman |
| 2. Devakumar Victor Gnanados Edwin | - | GMD/CEO |
| 3. Sani Dangote | - | Director |
| 4. Olakunle Alake | - | Director |
| 5. Abdu Dantata | - | Director |
| 6. Joseph Makoju | - | Director |
| 7. Olusegun Olusanya | - | Director |

Report of the Directors

FOR THE YEAR ENDED 31ST DECEMBER, 2011

The Directors of Dangote Cement Plc are pleased to submit to you the members the annual report together with the financial statements of the Company for the year ended 31st December, 2011.

1. DIRECTORS' RESPONSIBILITIES

In accordance with the provisions of section 334 and 335 of the Companies and Allied Matters Act, CAP C20 LFN 2004, the Company's Directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its results for that period.

The Directors' responsibilities include ensuring that:

- (i) adequate internal control procedures are established to safeguard assets of the Company and to present and detect fraud and other irregularities;
- (ii) proper accounting records are maintained and with reasonable accuracy;
- (iii) applicable accounting standards are followed;
- (iv) suitable accounting policies are used and consistently applied;
- (v) the appropriate financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

2. PRINCIPAL ACTIVITIES

The Company was established to operate plants for the preparation, manufacture, control, research and distribution of cement. The Company's production activities are undertaken at Obajana in Kogi State; Gboko in Benue State; and Ibese in Ogun State.

3. SUMMARY OF FINANCIAL RESULTS FOR THE YEAR

	2011 N'000	2010 N'000
Turnover	235,704,876	202,565,699
Profit before taxation and extraordinary item	117,843,005	101,334,468
Taxation	7,635,957	5,270,941
Profit after taxation	125,478,962	106,605,409
Extraordinary item	—	(1,282,980)
Profit after taxation and extraordinary item	125,478,962	105,322,429

Report of the Directors

4. DIRECTORS AND DIRECTORS' INTERESTS

- (i) The names of the Directors are detailed on page 10.
- (ii) In accordance with Section 275 of the provisions of the Companies and Allied Matters Act, CAP C20 LFN 2004, the Company's Directors direct and indirect interests in the issued share capital of the Company as recorded in the Register of Members as at 31st December, 2011 are as follows:

S/N	Names	Number of Shares		%
		March 2012	2011	
1.	Alhaji Aliko Dangote	25,129,670	25,129,670	0.1622
2.	Alhaji Sani Dangote	Nil	Nil	
3.	Mr. D. V. G. Edwin	Nil	Nil	
4.	Mr. Olakunle Alake	3,333,366	3,333,366	0.0215
5.	Engr. Joseph Makoju	10,000	10,000	0.0001
6.	Eze Festus Odimegwu	Nil	Nil	
7.	Mr. Olusegun Olusanya	14,830	14,830	0.0001
8.	Alhaji Abdu Dantata	Nil	Nil	
	Total	28,487,866	28,487,866	

No Director has notified the Company of any declarable interest in any contracts with which the Company was involved in accordance with the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004.

5. SUBSTANTIAL INTEREST IN SHARES

Name	Address	Holdings	%
Dangote Industries Ltd.	1, Alfred Rewane Road, Falomo, Ikoyi, Lagos.	14,699,247,232	94.89

No other individual shareholder held more than 5% of the issued share capital of the Company as at 31st December, 2011.

6. ANALYSIS OF SHAREHOLDERS

Range			No. of Holders	%	Units	%
1	—	1,000	30,083	74.45	10,970,901	0.07
1,001	—	5,000	7,642	18.91	16,051,381	0.10
5,001	—	10,000	1,213	3.00	8,748,743	0.06
10,001	—	50,000	1,064	2.63	22,512,147	0.15
50,001	—	100,000	160	0.40	11,468,913	0.07
100,001	—	500,000	158	0.39	32,515,549	0.21
500,001	—	1,000,000	25	0.06	18,361,164	0.12
1,000,001	—	10,000,000	49	0.12	142,797,055	0.92
10,000,001	—	100,000,000	10	0.02	403,963,673	2.61
100,000,001	—	1,000,000,000	1	0.00	124,733,610	0.81
1,000,000,001	—	50,000,000,000	1	0.00	14,699,247,232	94.89
			40,406	100.00	15,491,370,368	100.00

Report of the Directors

7. DONATIONS AND CHARITABLE GIFTS

S/N	CSR Project	Executed by	Amount ₦
1.	Scholarship fund for Students of Mbayion Community 2010/2011	Benue Plant	10,000,000.00
2.	Scholarship fund for Students of Mbayion Community 2011/2012	Benue Plant	10,000,000.00
3.	Solar powered borehole project in Oyo to provide reliable source of potable water to the members of the targeted communities.		
4.	Construction and Extension of low tension electricity lines to provide communities with access to low tension electricity from the installed transformers. The project entails erection of poles and extending low tension lines to Obajana, Apata, Iwaa and Oyo communities	Obajana Plant	10,499,813.00
5.	Erosion control works at Oyo resettlement site to provide reliable storm waterways, drainages and waste water channels in the resettlement area of the community	Obajana Plant	5,700,000.00
6.	Installation of burglary proof on the windows and doors at Oyo clinic to improve on safety and guard against theft of equipment when supplied to the clinic	Obajana Plant	400,000.00
7.	Scholarship scheme for the communities of Oyo, Iwaa, Obajana, and Apata	Obajana Plant	3,000,000.00
8.	Donation to the four communities of Oyo, Iwaa, Apata and Obajana for their traditional/cultural festivals	Obajana Plant	3,500,000.00
9.	Donation to Oyo Community to develop microenterprise	Obajana Plant	7,000,000.00
10.	Donation to Iwaa Community to develop microenterprise	Obajana Plant	7,000,000.00
11.	Cement Manufacturers Association of Nigeria	Obajana Plant	4,000,000.00
12.	Lagos State Security Trust Fund	Obajana Plant	50,000,000.00
13.	Media Trust Limited	Obajana Plant	10,000,000.00
14.	Bridge Foundation	Obajana Plant	5,000,000.00
15.	Kano Golf Club Sponsorship	Obajana Plant	10,000,000.00
16.	Lagos State Government Iro Flood Victims	Obajana Plant	100,000,000.00
17.	Oyo State Flood Relief	Obajana Plant	50,000,000.00
18.	USD250,000.00 Ministry of Mines & Steel Development	Obajana Plant	37,962,500.00
19.	Bells University, Otta	Obajana Plant	50,000,000.00
20.	Nigeria Economic Summit Group	Obajana Plant	30,000,000.00
21.	Sponsorship of Calabar Carnival 2011	Obajana Plant	30,000,000.00
22.	Winifred Adams Oshimole Foundation	Obajana Plant	20,000,000.00
23.	Digging of borehole to provide water in Babalawo Community	Ibese Plant	370,000.00
24.	Digging of borehole to provide water in Kajola Community	Ibese Plant	370,000.00
25.	Digging of borehole to provide water in Ilere Community	Ibese Plant	370,000.00
26.	Digging of borehole to provide water in Atola Community	Ibese Plant	370,000.00
			460,529,618.50

Donation in USD

Africa Matters Ltd Iro Senegal Investment Forum	\$10,000
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Report of the Directors

8. HUMAN RESOURCES

(i) Employment and Employees

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

(ii) Work Environment

The Company continuously strives to improve its operations to ensure a safe working environment. It maintains a high standard of hygiene in all its premises through sanitation practices and the regular fumigation exercises have been further strengthened by the installation of pest and rodent control gadgets. Safety and environment workshops are organized for all senior employees with a broad focus on good housekeeping to ensure good and safe working environment. Fully paid nutritionally balanced meals are provided for staff in the canteens.

(iii) Employee Development

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

9. HEALTH AND SAFETY

The Company has maintained a very high standard of safety within its working environment in compliance with the Factories Act, 1987. Personnel working in risky and hazardous areas are issued suitable protective garments which they are required to use.

The impact of the production process on the environment is monitored in compliance with the rules and regulations of the Federal Ministry of Environment.

10. RETIREMENT BENEFITS

The Company operates a defined contribution pension scheme for members of staff which is independent of its finances and is managed by Pension Fund Administrators. The scheme which is funded by contributions from employees and the Company at 7.5% each of employee's basic, housing and transport allowances is consistent with the provisions of the Pension Reform Act 2004.

The Company also operates a staff terminal gratuity scheme covering all confirmed employees. The Company funds the scheme wholly.

11. DISTRIBUTORS

The Company's products are distributed through numerous bulk order representatives located in the Company's marketing region and across the whole country. In addition, there are 50 depots located in 28 states of Nigeria including the Federal Capital Territory and the entire geographical region where cement is sold to customers at affordable rates.

12. RESEARCH AND DEVELOPMENT

The Company is making significant contribution towards research into the exploration of gypsum under the auspices of Cement Manufacturers Association of Nigeria (CMAN). Gypsum remains one of the raw materials required for cement manufacturing that is not abundantly available in Nigeria, and the Company is committed to building capacity locally to explore and exploit gypsum reserves.

Report of the Directors

13. AUDITORS

Akintola Williams Deloitte and Ahmed Zakari & Co. as joint auditors have indicated their willingness to continue in office as Auditors of the Company in accordance with the provisions of section 357(2) of the Companies and Allied Matters Act, Cap C20 LFN 2004. A resolution will be proposed authorizing the Directors to fix their remuneration.

BY ORDER OF THE BOARD



ITYOYILA UKPI, ESQ
Acting Company Secretary

Corporate Governance Report

Dangote Cement Plc (DCP) is committed to best practice and procedures in corporate governance. Overseen by the Board of Directors, DCP's corporate governance practices are constantly under review, in line with the dynamics of the business environment.

The Corporate Governance policies adopted by the Board of Directors are designed to ensure that the Company's business is conducted in a fair, honest and transparent manner which conforms to high ethical standards. As a responsible corporate citizen, Dangote Cement Plc complies with all applicable national laws and regulations.

The Board delegates the day-to-day running of the Company's affairs to the Group Managing Director/ Chief Executive Officer and six other Directors.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

It is the responsibility of the Board of Dangote Cement Plc to:

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

The Board carries out their responsibilities through the Board sub-committees. The terms of reference of the sub-committees have set out their roles, responsibilities, scope of authority and the fact that they have to report to the Board.

The Statutory Audit Committee is made up of equal number of shareholders with Directors as members. A member of the shareholders is the Chairman.

MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors holds at least four meetings to consider corporate events as budget, financial performance review of internal risk management and control system, formulation of growth strategies and generally directing the affairs of the Company. It may however, convene a meeting as and when the need arises.

In line with provisions of S.258(2) of the Companies and Allied Matters Act Cap C20 Laws of the Federation 2004, the record of the Directors attendance at the meetings is available for inspection.

The Board met seven (7) times in the year under review.

Corporate Governance Report

MEETING OF COMMITTEES OF THE BOARD

(i) Finance and General Purposes

A three (3) member committee with GMD/CEO in attendance whenever the committee meets:

Olusegun Olusanya	–	<i>Chairman</i>
Sani Dangote	–	<i>Member</i>
Olakunle Alake	–	<i>Member</i>
D. V. G. Edwin	–	<i>GMD/CEO</i>

The committee has met four (4) times in the course of the year under review.

(ii) Risk Management Committee

A four (4) member committee with GMD/CEO in attendance whenever the committee meets. Its membership in the year under review is as follows:

Olusegun Olusanya	–	<i>Chairman</i>
Sani Dangote	–	<i>Member</i>
Olakunle Alake	–	<i>Member</i>
Festus Odimegwu	–	<i>Member</i>
D. V. G. Edwin	–	<i>GMD/CEO</i>

(iii) Establishment Committee

A three (3) member committee with GMD/CEO in attendance at all meetings. The committee did not meet in the course of the year under review. Its membership in the year under review is as follows:

Joseph Makoju
Abdu Dantata
Festus Odimegwu
D. V. G. Edwin

(iv) Statutory Audit Committee

A six (6) member committee with the GMD/CEO in attendance at all meetings.

Robert Ade-Odiachi	–	<i>Chairman</i>
Olakunle Alake	–	<i>Member</i>
Olusegun Olusanya	–	<i>Member</i>
Joseph Makoju	–	<i>Member</i>
Sada Ladan-Baki	–	<i>Member</i>
Benue Investment & Property Co. Ltd. (rep. by Paul Agu – MD/CE)	–	<i>Member</i>

The committee met once during the period under review.

Corporate Governance Report

SUMMARY OF ATTENDANCE OF MEETINGS BY BOARD/BOARD COMMITTEE MEMBERS (JANUARY 1 – DECEMBER 30, 2011)

A. Board of Directors Meeting

Directors	Mar.	Apr.	May	July	Oct.	Dec.
Aliko Dangote	✓	✓	✓	✓	✓	✓
D. V. G. Edwin	✓	✓	✓	✓	✓	✓
Sani Dangote	✓	✓	✓	✓	✓	A
Olakunle Alake	✓	✓	✓	✓	✓	✓
Abdu Dantata	✓	✓	✓	✓	A	✓
Joseph Makoju	✓	✓	✓	✓	✓	✓
Olusegun Olusanya	✓	✓	✓	✓	✓	✓
Festus Odimegwu	✓	✓	A	A	✓	A

B. Finance and General Purposes

Directors	Apr.	July	Oct.	Dec.
Olusegun Olusanya	✓	✓	✓	✓
Sani Dangote	✓	A	✓	A
Olakunle Alake	✓	✓	✓	✓
D. V. G. Edwin	✓	✓	✓	✓

C. Risk Management Committee

Directors	Nov.	Dec.
Olusegun Olusanya	✓	✓
Sani Dangote	✓	A
Olakunle Alake	✓	✓
D. V. G. Edwin	✓	✓
Festus Odimegwu	A	A

D. Statutory Audit Committee

Directors	Nov.
Robert Ade-Odiachi	✓
Olakunle Alake	✓
Olusegun Olusanya	✓
Joseph Makoju	✓
Sada Ladan-Baki	✓
Paul Agu (BIPCL)	✓

E. Establishment Committee

N/A

Report of the Audit Committee to Shareholders

In accordance with section 359(6) of the Companies and Allied Matters Act, Cap C20 LFN 2004, we have

- (i) reviewed the scope and planning of the audit requirements;
- (ii) reviewed the External Auditors findings and recommendations on management matters together with Management responses;
- (iii) ascertained that the accounting and reporting policies of the Company for the year ended December 31, 2011 are in accordance with legal requirements and agreed ethical practices.

In our opinion, the scope and planning of the audit for the year ended December 31, 2011 were adequate and the Management responses to the Auditors' findings were satisfactory.



ROBERT ADE-ODIACHI
Chairman, Audit Committee

Dated this 29th day of March, 2012

Report of the Independent Auditors

Deloitte.

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TO THE MEMBERS OF DANGOTE CEMENT PLC

We have audited the accompanying consolidated financial statements of **Dangote Cement Plc and its subsidiaries**, set out on pages 28 to 50 which comprise the consolidated balance sheet as at 31 December 2011, the consolidated income statement, consolidated statement of cash flows, consolidated statement of valued added for the year then ended, summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Companies and Allied Matters Act, Cap C20, LFN 2004, and for such internal control as the Directors determine are necessary to enable the preparation of these 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 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the consolidated 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 financial statements present fairly, in all material respects, the financial position of **Dangote Cement Plc and its subsidiaries** as at 31 December, 2011 and of its financial performance and its cash flows for the year then ended; the Company and its subsidiaries have kept proper books of account which are in agreement with the consolidated balance sheet and consolidated income statement, in the manner required by the Companies and Allied Matters Act, Cap C20, LFN 2004, and in accordance with the Statements of Accounting Standards issued by the Financial Reporting Council of Nigeria.

Akintola Williams Deloitte

Chartered Accountants
Lagos, Nigeria
29 March 2012



Ahmed Zakari

Chartered Accountants
Kano, Nigeria
29 March 2012



Statement of Significant Accounting Policies

FOR THE YEAR ENDED 31ST DECEMBER, 2011

The following are the significant accounting policies adopted by the Company and its subsidiaries in the preparation of these consolidated financial statements:

1. Basis of preparation

The consolidated financial statements are prepared under the historical cost basis and comply with the Statements of Accounting Standards issued by the Financial Reporting Council of Nigeria.

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses. Although these estimates are based on the Directors' best of knowledge of current events and actions, actual results ultimately may differ from those estimates.

2. Basis of consolidation

The consolidated financial statements include the consolidated financial statements of Dangote Cement Plc and its subsidiaries; all made up to 31st December 2011. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Income and expenses of subsidiaries acquired during the year are included in the consolidated profit and loss account from the effective date of acquisition.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

3. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value that the acquisition date. Acquisition related costs are recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, over the net fair value of the identifiable assets acquired and liabilities assumed at the acquisition date.

Capital reserve is the excess of fair value of the holding company's share of the identifiable net assets of subsidiary over the purchase consideration.

4. Goodwill

Goodwill arising on an acquisition of a business is carried at its value as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment, goodwill is allocated to each of the Group's cash generating units (or groups of cash generating units) that is expected to benefit from the synergies of the combination.

5. Turnover

Turnover represents the net invoiced value excluding VAT of goods sold to third parties. Turnover is recognised when goods are delivered to the customer.

6. Debtors

Trade and other debtors are stated after deduction of specific provisions for any debt considered doubtful of collection.

Statement of Significant Accounting Policies

FOR THE YEAR ENDED 31ST DECEMBER, 2011

7. Fixed assets

Fixed assets are stated at cost less accumulated depreciation. All direct costs, including finance costs relating to major capital projects, are capitalised up to the date of commissioning. Where the recoverable amount of an asset has declined below its carrying amount, the carrying amount is reduced to reflect this decline in value.

8. Borrowing costs

Borrowing costs relating to capital expenditure are capitalised in the period in which they are incurred. Interest accruing before the item of property, plant and equipment is put to use is added to the cost of the item. Other subsequent costs are expensed.

9. Depreciation

Depreciation is provided to write off the cost of fixed assets using the straight-line method over the expected useful lives at the following annual rates:

	%
Freehold land	Nil
Building	4
Cement plant	4
Power plant	4
Motor vehicles	25
Mobile plant	20
Furniture and fittings	20
Tools and equipment	10
Other plant and machinery	10
IT hardware	33 $\frac{1}{3}$
IT software	25

10. Investments

Long term investments

Long term investments are stated at cost less provision for permanent diminution in value.

Short term deposits

Short term deposits represent placements with banks, financial institutions and other corporate bodies. Income realised from placements are included in the profit and loss account.

11. Stocks

Clinker and cement are valued at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour and those overheads that have been incurred in bringing the inventories to their present location and condition. Other stocks are valued at average cost after making provision for obsolescence.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

12. Taxation

Income and education taxes are provided on taxable and assessable profits respectively at the current statutory rates.

Statement of Significant Accounting Policies

FOR THE YEAR ENDED 31ST DECEMBER, 2011

13. Deferred taxation

Provision for deferred tax is made by the liability method and calculated at the current rate of taxation on the difference between the net book value of qualifying fixed assets for capital allowances and their corresponding tax written down values.

14. Foreign currency transactions

Transactions in foreign currencies are recorded in Naira at the rates of exchange ruling at the date of the transactions. Assets and liabilities denominated in foreign currencies are converted to Naira at the applicable rates of exchange at the balance sheet date. All differences arising therefrom are dealt with in the profit and loss account.

Where such gains or losses relate to long term foreign currencies denominated loans, they are taken to foreign currency revaluation reserve and released at the expiration of the loan repayment.

15. Provisions

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

16. Earnings per share

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.

17. Retirement benefits

The Company and its subsidiaries operate a defined contribution pension scheme for members of staff which is independent of its finances and is managed by Pension Fund Administrators. The scheme, which is funded by contributions from employees and the Company at 7.5% each of employee's basic, housing and transport allowances, is consistent with the provisions of the Pension Reform Act 2004. In addition, full provision is made in the consolidated financial statements for liabilities at the balance sheet date in respect of employees terminal gratuities based on current relevant emoluments of the employees. The associated costs are charged to the profit and loss account for the year.

18. Segment reporting

The business segments of the Company and its subsidiaries that are subject to similar risks and returns are presented by products and geographical locations.

Consolidated Profit and Loss Account

FOR THE YEAR ENDED 31ST DECEMBER, 2011

		Group	Company	
	Note	2011 N'000	2011 N'000	2010 N'000
Turnover	2	235,914,970	235,704,876	202,565,699
Cost of sales		(96,730,144)	(96,622,979)	(81,307,986)
Gross profit		139,184,826	139,081,897	121,257,713
Administrative expenses		(15,393,581)	(14,683,448)	(14,701,899)
Selling and distribution expenses		(7,066,099)	(7,066,099)	(3,586,247)
Operating profit		116,725,146	117,332,350	102,969,567
Other income	3	2,237,620	1,353,987	446,361
Interest received		1,648,660	1,479,948	870,555
Interest and similar charges		(2,328,318)	(2,323,280)	(2,952,015)
Profit before taxation and extraordinary item	4	118,283,108	117,843,005	101,334,468
Extraordinary item	5	—	—	(1,282,980)
Profit before taxation		118,283,108	117,843,005	101,051,488
Taxation	6	7,626,723	7,635,957	5,270,941
Retained profit for the year		125,909,831	125,478,962	105,322,429
Attributable to:				
Shareholders of the parent company transferred to revenue reserve	22	125,754,718	125,478,962	105,322,429
Non-controlling interest		155,113	—	—
		125,909,831	125,478,962	105,322,429
Earnings per share (Naira) — Basic	35	8.12	8.10	6.80

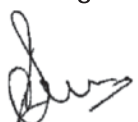
The accounting policies on pages 28 to 30 and other explanatory notes on pages 34 to 48 form part of these consolidated financial statements.


Consolidated Balance Sheet

AS AT 31ST DECEMBER, 2011

		Group	Company	
	Note	2011 N'000	2011 N'000	2010 N'000
FIXED ASSETS	7	433,918,113	346,965,606	310,143,761
GOODWILL ON CONSOLIDATION	8	9,048,671	—	—
LONG TERM INVESTMENTS	9	2,771	27,622,401	50
LONG TERM RECEIVABLES	10	2,683,966	70,227,221	5,695,856
DEFERRED TAXATION	17	7,307,875	7,948,746	—
CURRENT ASSETS				
Stocks	11	14,586,170	14,577,381	14,404,047
Trade debtors	12	1,925,701	1,873,600	11,378,174
Other debtors and prepayments	13	38,391,784	34,625,941	12,860,121
Due from related companies	30	4,280,074	4,327,318	23,141,364
Short-term deposits	14	9,684,341	9,684,341	12,167,603
Cash and bank balances		12,751,413	8,087,180	8,908,653
		81,619,483	73,175,761	82,859,962
CREDITORS: Amounts falling due within one year				
Bank overdraft		4,169,563	4,169,563	36,438
Trade creditors		3,177,802	3,177,802	3,834,382
Other creditors and accruals	15	39,731,267	38,577,917	35,241,420
Due to related companies	30	29,719,801	29,719,801	6,609,862
Short-term debts	16	30,445,466	30,445,466	37,600,993
Taxation	6	4,279,439	4,276,176	3,196,823
		111,523,338	110,366,725	86,519,918
NET CURRENT LIABILITIES		(29,903,855)	(37,190,964)	(3,659,956)
TOTAL ASSETS LESS CURRENT LIABILITIES		423,057,541	415,573,010	312,179,711
Deferred taxation	17	—	—	(1,924,400)
CREDITORS: Amounts falling due after more than one year				
Long-term debts	16	(118,036,845)	(118,036,845)	(98,251,412)
PROVISION FOR LIABILITIES AND CHARGES				
Staff gratuity	18	(482,490)	(482,490)	(494,684)
		304,538,206	297,053,675	211,509,215
CAPITAL AND RESERVES				
Share capital	19	7,745,685	7,745,685	7,745,685
Share premium	20	42,430,000	42,430,000	42,430,000
Other reserves	21	441,692	—	—
Revenue reserve	22	247,153,746	246,877,990	161,333,530
Exchange difference reserve	23	(1,943,313)	—	—
Shareholders' funds		295,827,810	297,053,675	211,509,215
Non-controlling interest	24	8,710,396	—	—
		304,538,206	297,053,675	211,509,215

The consolidated financial statements on pages 28 to 50 were approved by the Board of Directors on 29 March 2012 and signed on its behalf by:


 D. V. G. Edwin


 Aliko Dangote, GCON

} Directors

The accounting policies on pages 28 to 30 and other explanatory notes on pages 34 to 48 form part of these consolidated financial statements.

Statement of Consolidated Cash Flows

FOR THE YEAR ENDED 31ST DECEMBER, 2011

		Group	Company	
	Note	2011 N'000	2011 N'000	2010 N'000
Cash flows from operating activities				
Cash receipts from customers		247,704,382	246,563,437	198,452,926
Payment to suppliers and employees		(87,409,495)	(84,648,482)	(112,816,809)
Tax paid	6	(1,158,065)	(1,157,836)	(3,408,516)
Value added tax (net)		4,972,542	4,972,542	1,577,583
Net cash provided by operating activities	25	164,109,364	165,729,661	83,805,184
Cash flows from investing activities				
Interest received		1,648,660	1,479,948	870,555
(Purchase)/Disposal of investments		(24,283,254)	(27,622,351)	99,000
Long-term receivables		3,011,890	(64,531,365)	(4,495,391)
Proceed on disposal of fixed assets		—	—	24,688
Purchase of fixed assets	7	(128,765,819)	(57,938,835)	(113,686,841)
Net cash provided by investing activities		(148,388,523)	(148,612,603)	(117,187,989)
Cash flows from financing activities				
Interest paid		(2,328,318)	(2,323,280)	(2,952,015)
Dividend paid	22	(34,861,544)	(34,861,544)	(30,982,595)
Loan obtained		58,286,371	58,286,371	71,443,339
Loan repaid		(45,656,465)	(45,656,465)	—
Net cash provided by financing activities		(24,559,956)	(24,554,918)	37,508,729
Net (decrease)/increase in cash and cash equivalents		(8,839,115)	(7,437,860)	4,125,924
Cash and cash equivalents at 1 January		27,105,306	21,039,818	16,913,894
Cash and cash equivalents at 31 December	26	18,266,191	13,601,958	21,039,818

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER, 2011

1. The Company

1.1 Legal form

Dangote Cement Plc was incorporated as a public limited liability company on 4 November, 1992 as Obajana Cement Plc. It commenced operations in January 2007. The Company is a subsidiary of Dangote Industries Limited (DIL) with a shareholding of 94.87%. The Company is listed on the Nigerian Stock Exchange (NSE). The Company prepares consolidated financial statements in the year because of its acquisition of subsidiaries during the year.

1.2 Principal activities

The Company was established to operate plant for the preparation, manufacture, control, research and distribution of cement and related products. The Company's production activities are undertaken at Obajana town in Kogi State and Gboko in Benue State.

2. Turnover

Turnover represents the net amount of goods delivered to customers.

(a) Analysis by product:

	Group 2011 N' 000	Company 2011 N' 000	2010 N' 000
Cement	235,704,876	235,704,876	202,565,699
Ash	210,094	—	—
	235,914,970	235,704,876	202,565,699

(b) Analysis by geography:

	Group 2011 N' 000
Nigeria	235,704,876
South Africa	210,094
	235,914,970

2.1 Segment information

	Nigeria N' 000	South Africa N' 000	Others N' 000	Total N' 000
2011				
Turnover	235,704,876	210,094	—	235,914,970
Cost of sales	(96,622,979)	(107,165)	—	(96,730,144)
Gross profit	139,081,897	102,929	—	139,184,826
Depreciation	15,031,663	93,057	—	15,124,720
Profit before taxation	117,843,005	440,103	—	118,283,108
Fixed assets	346,965,606	17,744,058	69,208,449	433,918,113
Net assets	297,053,675	21,966,640	3,339,097	322,359,412

Others represent subsidiaries in other African countries which are yet to commence operation.

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER, 2011

	Group	Company	
	2011 N' 000	2011 N' 000	2010 N' 000
3. Other income			
Insurance claims	26,731	26,731	128,458
Provision no longer required	—	—	120,110
Profit on disposal of fixed assets	—	—	6,673
Sundry income	2,210,889	1,327,256	191,120
	2,237,620	1,353,987	446,361
4. Profit before taxation and extraordinary item			
Profit before taxation and extraordinary item is arrived at after charging/(crediting):			
Directors' emoluments	97,771	41,038	128,026
Depreciation	15,124,720	15,031,663	14,157,540
Audit fee	134,624	132,000	120,000
Interest income	(1,648,660)	(1,479,948)	(870,555)
Exchange loss	30,323	29,965	864,161
Finance charges	2,328,318	2,323,280	2,952,015
Profit on sale of fixed assets	—	—	(6,673)
Royalty	163,327	163,327	184,632
Management fee	2,167,618	2,167,618	—

Royalty payable was agreed with the Federal Ministry of Mines and Steel Development based on extractions made. The agreed rate per metric ton is: limestone – ₦25/ton, clay – ₦10/ton and laterite – ₦15/ton.

Management fee is charged by Dangote Industries Limited for management and corporate services provided to Gboko plant, Lagos Cement terminal and PH BAIL terminal of the Company based on sales of the respective units net of discounts, rebates and the applicable concession provided to customers. In the year 2010, this fee was waived by the management of Dangote Industries Limited.

5. Extraordinary item

The amount in 2010 represents the costs of merger between Obajana Cement Plc, Benue Cement Company Plc, Dangote BAIL Limited and DCW Limited.

	Group	Company	
	2011 N' 000	2011 N' 000	2010 N' 000
6. Taxation			
(a) Profit and loss account			
Income tax based on the profit for the year	2,089,540	2,086,048	2,305,155
Education tax	151,141	151,141	159,545
Overprovision in the prior year	—	—	(185,086)
	2,240,681	2,237,189	2,279,614
Deferred tax (Note 17)	(9,867,404)	(9,873,146)	(7,550,555)
Profit and loss account	(7,626,723)	(7,635,957)	(5,270,941)

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER, 2011

	Group	Company
	2011 N' 000	2011 N' 000
(b) Balance sheet		2010 N' 000
At 1 January	3,196,823	4,347,342
Charge for the year	2,240,681	2,279,614
Paid during the year	(1,158,065)	(3,408,516)
Withholding tax credit	—	(21,617)
At 31 December	4,279,439	3,196,823

The Obajana and Gboko plants of the Company were granted Pioneer status for five years till 31 December 2013. The Company is therefore exempted from the payment of income tax in respect of profits accruing from the manufacture and sale of cement up to the period ending 31 December 2013. The amount provided as income tax is in respect of income not exempted under the Pioneer legislation as stated in the Industrial Development Tax Relief Act Cap 17, LFN 2004. The amount provided as income tax in the books of the Company has been computed on the basis of the Companies Income Tax rate of 30% as stated in section 40 of the Companies Income Tax Act Cap 21, LFN 2004 as amended. The amount provided for the Group includes tax provided in the books of the Sephaku Cement in line with the prevailing tax laws in South Africa.

Education tax is computed at 2% of assessable profit in line with the Education Tax Act, Cap E4, LFN 2004 as amended.

7. Fixed assets	Land and buildings N'000	Plant and other equipment N'000	Motor vehicles N'000	Factory, furniture and equipment N'000	Capital work-in- progress N'000	Total N'000
7.1 The Group						
At 1 January	51,460,727	146,993,418	17,930,963	1,476,398	110,625,354	328,486,860
Regrouping (Note 7.3)	27,301	—	—	—	24,673,478	24,700,779
	51,488,028	146,993,418	17,930,963	1,476,398	135,298,832	353,187,639
On acquisition of subsidiary	2,554,278	13,909,117	10,544	155,198	—	16,629,137
Reclassifications (Note 7.4)	(36,706,553)	36,521,606	106,965	77,982	—	—
Adjustments (Note 7.5)	—	(145,874)	(50,000)	—	(54,016)	(249,890)
Additions during the year	235,076	5,116,645	9,236,190	285,901	113,892,007	128,765,819
Write-off (Note 7.6)	—	—	(2,270,172)	—	—	(2,270,172)
Disposal	—	(663)	—	(793)	—	(1,456)
At 31 December	17,570,829	202,394,249	24,964,490	1,994,686	249,136,823	496,061,077
Depreciation						
At 1 January	2,808,783	31,344,494	7,801,433	1,089,168	—	43,043,878
On acquisition of subsidiary	4,349	277,621	1,632	125,499	—	409,101
Reclassification (Note 7.4)	191,898	4,829,486	5,560	—	46,014	5,072,958
On adjustments	—	(31,636)	—	—	—	(31,636)
Charge for the year	635,614	9,430,699	4,770,585	287,822	—	15,124,720
On write-off (Note 7.6)	—	—	(1,476,057)	—	—	(1,476,057)
At 31 December	3,640,644	45,850,664	11,103,153	1,502,489	46,014	62,142,964
Net book value						
At 31 December 2011	13,930,185	156,543,585	13,861,337	492,197	249,090,809	433,918,113

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER, 2011

	Land and buildings N'000	Plant and other equipment N'000	Motor vehicles N'000	Factory, furniture and equipment N'000	Capital work-in- progress N'000	Total N'000
7.2 The Company						
Cost						
At 1 January	51,460,727	146,993,418	17,930,963	1,476,398	110,625,354	328,486,860
Regrouping (Note 7.3)	27,301	—	—	—	24,673,478	24,700,779
	51,488,028	146,993,418	17,930,963	1,476,398	135,298,832	353,187,639
Reclassifications (Note 7.4)	(36,706,553)	36,521,606	106,965	77,982	—	—
Adjustments (Note 7.5)	—	(145,874)	(50,000)	—	(54,016)	(249,890)
Additions during the year	32,070	3,833,057	9,231,224	158,925	44,683,559	57,938,835
Write-off (Note 7.6)	—	—	(2,270,172)	—	—	(2,270,172)
At 31 December	14,813,545	187,202,207	24,948,980	1,713,305	179,928,375	408,606,412
Depreciation						
At 1 January	2,808,783	31,344,494	7,801,433	1,089,168	—	43,043,878
Reclassification (Note 7.4)	191,898	4,829,486	5,560	—	46,014	5,072,958
On adjustments	—	(31,636)	—	—	—	(31,636)
Charge for the year	633,519	9,360,018	4,769,474	268,652	—	15,031,663
On write-off (Note 7.6)	—	—	(1,476,057)	—	—	(1,476,057)
At 31 December	3,634,200	45,502,362	11,100,410	1,357,820	46,014	61,640,806
Net book value						
At 31 December 2011	<u>11,179,345</u>	<u>141,699,845</u>	<u>13,848,570</u>	<u>355,485</u>	<u>179,882,361</u>	<u>346,965,606</u>
At 31 December 2010	<u>48,679,245</u>	<u>115,648,924</u>	<u>10,129,530</u>	<u>387,230</u>	<u>135,298,832</u>	<u>310,143,761</u>

- 7.3 This represents amounts included under project funds and stock in transit in the prior year now reclassified to capital work-in-progress and land and building asset classes.
- 7.4 During the year, a comprehensive analysis of fixed assets was done and it was noticed that there were certain depreciable fixed assets totalling ₦36.7 billion included in land in 2007 and was not depreciated from 2007 to 2010. The total depreciation effect of these assets was ₦5.07 billion related to the years 2007 to 2010 which have been adjusted against the revenue reserve as shown in Note 22.
- 7.5 This represents adjustments of expenditure items included in fixed assets.
- 7.6 Write-offs are the costs and accumulated depreciation on the trucks destroyed in Gboko plant during the community crisis and trucks decommissioned during the year in Obajana plant as they were considered to be damaged beyond repairs.
- 7.7 The depreciation charge for the year is attributable to:

	Group	Company	
	2011 N' 000	2011 N' 000	2010 N' 000
Cost of sales	10,380,984	10,380,984	9,045,458
Administrative expenses	1,225,580	1,132,523	1,247,854
Included in loss from haulage	3,518,156	3,518,156	3,864,228
	<u>15,124,720</u>	<u>15,031,663</u>	<u>14,157,540</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER, 2011

8. Goodwill on consolidation

On 30 June 2011, the Company acquired 64% interest in Sephaku Cement (Pty) Limited from its parent company (Dangote Industries Limited). The consideration paid was ₦24.28 billion.

Net assets acquired and consideration transferred:

	₦'000
Asset:	
Fixed assets	19,519,362
Stocks	10,417
Debtors and prepayments	339,677
Cash and bank balances	6,188,716
	<u>26,058,172</u>
Liabilities:	
Creditors and accruals	(1,585,755)
Deferred taxation	(668,381)
	<u>23,804,036</u>
Non-controlling interest	(8,569,453)
Net assets acquired (64%)	<u>15,234,583</u>
Purchase consideration	(24,283,254)
Goodwill	<u><u>(9,048,671)</u></u>

Goodwill arising on consolidation of subsidiaries is accounted for in line with the provision of Paragraph 76 of Statements of Accounting Standards 26 which states that goodwill arising on consolidation should be recognised on the balance sheet and not amortised, but tested for impairment annually or more frequently, if events or changes in circumstances indicate that it might be impaired.

The operations of Sephaku Cement (Pty) Limited is not significant to the Group. The fixed assets of the Company were revalued in December 2010 and there were no significant movement in the assets of the Company between that date and the date of acquisition. The net assets of the Company as at 30 June 2011 have been used in calculating the goodwill as it is not considered to be significantly different from the fair value at 31 December 2010.

9. Long-term investments

		Group	Company	
	%	2011	2011	2010
	Holding	₦'000	₦'000	₦'000
Lion Football Club Limited	100	50	50	50
Sephaku Cement (Pty) Limited, South Africa	64	—	24,283,254	—
Dangote Industries Senegal S. A.	90	—	29,448	—
Dangote Industries (Ethiopia) Plc	86.96	—	732,657	—
Dangote Industries (Zambia) Limited	75	—	115	—
Dangote Industries Cameroun Limited	80	—	2,531,520	—
Dangote Industries Benin S. A.	43	2,721	2,721	—
Dangote Industries Limited, Tanzania	70	—	68	—
Dangote Industries Congo S. A.	100	—	1,702	—
Dangote Industries (Sierra Leone) Limited	99.6	—	15,551	—
Dangote Industries Limited Cote D'Ivoire	80	—	12,658	—
Dangote Industries Gabon S. A.	80	—	12,657	—
		<u>2,771</u>	<u>27,622,401</u>	<u>50</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER, 2011

As part of the Company's African expansion strategy, on 30 June 2011, the Company gained control of Sephaku Cement (Pty) Limited, South Africa with 64% interest. Sephaku Cement is a South African company involved in manufacturing of cement. For other companies listed above, the acquisition for effective control took place on the 14th December 2011 based on transfer agreement registered between Dangote Industries Limited and other companies.

The investment in Lion Football Club Limited is a passive investment with no operation and financial control and hence not consolidated.

The Company holds 43% of Dangote Industries Benin S. A. but did not have any evidence of significant influence and the company is not operational. Thus, there was no equity accounting of the activities of the company.

	Group	Company	
	2011 N'000	2011 N'000	2010 N'000
10. Long-term receivables			
Dangote Industries Senegal S. A.	—	34,838,081	5,133,442
Dangote Industries (Ethiopia) Plc	—	14,008,985	41,920
Dangote Industries (Zambia) Limited	—	12,258,896	181,532
Dangote Industries Cameroun Limited	—	3,520,214	4,810
Dangote Industries Benin S. A.	1,665,201	1,665,201	—
Dangote Industries Limited, Tanzania	—	1,191,022	48,493
Dangote Industries Congo S. A.	—	938,153	768
Dangote Industries (Sierra Leone) Limited	—	635,425	11,049
Dangote Industries Limited, Cote D'Ivoire	—	114,681	—
Dangote Industries Gabon S. A.	—	37,798	—
Greenview International Limited Ghana	908,086	908,086	246,863
Liberia project	40,500	40,500	—
Algeria project	42,003	42,003	3,721
Kenya project	1,762	1,762	—
Niger project	1,081	1,081	—
Guinea project	692	692	—
Chattisgarh project	13,976	13,976	13,777
Enugu project	8,235	8,235	8,235
Odukpani project	2,430	2,430	1,246
	2,683,966	70,227,221	5,695,856

This represents amounts advanced by the Company to support projects executed by its subsidiaries/ associate in other African countries. These advances are not payable in the next 12 months.

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER, 2011

	Group	Company	
	2011 N'000	2011 N'000	2010 N'000
11. Stocks			
Finished products	1,284,300	1,282,077	1,332,999
Work-in-process	958,333	958,333	1,396,010
Raw materials	396,909	396,711	302,352
Packaging materials	158,277	158,277	812,633
Chemicals and consumables	1,164,589	1,164,174	873,090
Fuel	1,100,285	1,100,285	925,200
Spare parts	7,030,595	7,024,642	4,908,651
Goods in transit	2,492,882	2,492,882	3,853,112
	14,586,170	14,577,381	14,404,047
12. Trade debtors			
Trade debtors	3,519,029	3,463,928	12,823,265
Provision for doubtful debts	(1,593,328)	{1,590,328}	{1,445,091}
	1,925,701	1,873,600	11,378,174
13. Other debtors and prepayments			
Prepayments	462,212	421,864	505,025
Advances to contractors (Note 13.1)	22,520,969	22,520,969	3,862,595
Deposits for imports (Note 13.2)	2,908,307	2,894,228	1,064,536
Gas pipeline – build and transfer (13.3)	4,625,773	4,625,773	5,678,446
Other debtors	7,874,523	4,163,107	1,749,519
	38,391,784	34,625,941	12,860,121

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

13.2 Deposits for imports represent various deposits for importation of equipment and spare parts which were not received as at the end of the year.

13.3 Gas pipeline represents the unamortised balance of the Company's investments on the gas pipeline which was transferred to Nigerian Gas Company (NGC). The gas pipeline was 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 the Nigerian Gas Company Limited, is for twenty years and came into effect in October 2006.

	Group	Company	
	2011 N'000	2011 N'000	2010 N'000
14. Short-term deposits	9,684,341	9,684,341	12,167,603

This represents short-term placements with various banks in Nigeria.

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER, 2011

	Group	Company	
	2011 N'000	2011 N'000	2010 N'000
15. Other creditors and accruals			
Payments received from customers	10,581,857	10,581,857	11,514,706
Accrual for cement purchases	3,632,111	3,632,111	5,604,070
Other accruals	2,487,658	1,764,991	3,139,619
Directors' current account	—	—	1,753,823
Interest payable	5,324,484	5,324,484	1,968,773
Value added tax	8,325,810	8,325,810	3,353,268
WHT payable	378,093	378,093	1,973,290
Staff pension (Note 15.1)	95,927	95,927	99,309
Other creditors	8,905,327	8,474,644	5,834,562
	39,731,267	38,577,917	35,241,420
15.1 Staff pension			
At 1 January	99,309	99,309	128,105
Provision for the year	207,920	207,920	233,876
	307,229	307,229	361,981
Payments during the year	(211,302)	(211,302)	(262,672)
At 31 December	95,927	95,927	99,309

Provisions for staff pension has been made in the financial statements in accordance with the Pension Reform Act 2004.

16. Loans

Group/Company 2011	Short-term debts due within 12 months N'000	Long-term debts due after more than 12 months N'000	Total N'000
Bank loan (Note 16.1)	26,666,668	26,666,667	53,333,335
Power intervention loan (Note 16.2)	—	10,000,000	10,000,000
Bulk Commodities International (Note 16.3)	517,086	—	517,086
Subordinated loan (Note 16.4)	—	36,370,178	36,370,178
Dangote Industries Limited (Note 16.5)	3,261,712	45,000,000	48,261,712
	30,445,466	118,036,845	148,482,311
Company 2010			
Bank loan (Note 16.1)	26,666,666	53,333,334	80,000,000
Bulk Commodities International (Note 16.3)	492,427	—	492,427
Subordinated loan (Note 16.4)	—	42,704,758	42,704,758
Dangote Industries Limited (Note 16.6)	10,441,900	2,213,320	12,655,220
	37,600,993	98,251,412	135,852,405

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER, 2011

- 16.1 A consortium of banks comprising Zenith Bank Plc, Access Bank Plc and Fidelity Bank Plc granted the company facilities to refinance existing loans and fund cement projects in African countries at fixed and floating interest rates of 10% and MPR plus 3 basis points respectively. The tenor of the loans is for initial 3 years plus 2 years rollover option.
- 16.2 Bank of Industry through GT Bank Plc granted the Company the sum of ₦10 billion long-term loan repayable in 10 years at an annual interest rate of 4% and 1% fee payable to Bank of Industry for the construction of Ibese power plant under the power and aviation intervention fund. The loan has a moratorium of 12 months.
- 16.3 Bulk Commodities International loan with an interest rate of 6% per annum represents short-term funding requirements. The loan is repayable on demand.
- 16.4 Dangote Industries Limited provided a subordinated loan facility to the Company during its project period to cover the excess costs of the projects. The loan is interest free and of long-term nature with no fixed tenor.
- 16.5 On 21 March 2011, Dangote Industries Limited transferred its interests in thirteen African operations to Dangote Cement Plc at the cost of ₦45.147 billion which was the total costs incurred by Dangote Industries Limited as at that date. ₦45 billion was restructured as long-term loan and the remaining balance was regarded as intercompany current account. The long-term loan is payable in 5 years with 2 years moratorium for both interest and principal and takes effect from 1 July 2011. It attracts 10% annual interest.
- Dangote Industries Limited also advanced the sum of ₦3.26 billion to Sinoma International Engineering Co. Limited for the construction of lines 3 and 4 at Ibese plant in Ogun State.
- 16.6 Dangote Industries Limited loan represents a short-term funding requirement of US \$70 million obtained at an interest rate of 6% per annum. This loan was offset against intercompany balance in the current year as agreed by both companies' management.

All bank loans are secured by a charge over Dangote Cement Plc factory including all project facilities, cement and power plants.

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER, 2011

	Group	Company	
	2011 N'000	2011 N'000	2010 N'000
17. Deferred taxation			
At 1 January	1,924,400	1,924,400	9,474,955
Adjustment for subsidiary acquired	635,129	—	—
Write back for the year	(9,867,404)	(9,873,146)	(7,550,555)
At 31 December	<u>(7,307,875)</u>	<u>(7,948,746)</u>	<u>1,924,400</u>
18. Staff gratuity			
At 1 January	494,684	494,684	981,244
Provision for the year	189,493	189,493	100,268
Provision no longer required	—	—	(51,362)
Payments during the year	684,177 (201,687)	684,177 (201,687)	1,030,150 (535,466)
At 31 December	<u>482,490</u>	<u>482,490</u>	<u>494,684</u>
19. Share capital			
<i>Authorised:</i>			
20,000,000,000 ordinary shares of 50k each	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>
<i>Issued and fully paid:</i>			
15,491,370,368 ordinary shares of 50k each	<u>7,745,685</u>	<u>7,745,685</u>	<u>7,745,685</u>
20. Share premium	<u>42,430,000</u>	<u>42,430,000</u>	<u>42,430,000</u>
21. Other reserves			
This constitutes the portion of the post acquisition reserve (Hedging and Revaluation) of the group in the Sephaku Cement (Pty) Limited.			

	Group	Company	
	2011 N'000	2011 N'000	2010 N'000
22. Revenue reserve			
At 1 January	161,333,530	161,333,530	98,196,429
On acquisition of Lagos Cement Terminal	—	—	(21,362,885)
Profit for the year	125,754,718	125,478,962	105,322,429
Bonus issue	—	—	(7,000,000)
Common control combination balance	—	—	21,075,680
Dividend paid — Dangote Cement Plc	(34,861,544)	(34,861,544)	(30,982,741)
Dividend paid — Benue Cement Company Plc (Note — 22.1)	—	—	(3,915,382)
Prior year adjustment (Note 22.2)	(5,072,958)	(5,072,958)	—
At 31 December	<u>247,153,746</u>	<u>246,877,990</u>	<u>161,333,530</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER, 2011

22.1 At the Annual General Meeting held on 26th May 2011, a final dividend of 225 kobo per ordinary share amounting to ₦34.86 billion was approved by the shareholders in respect of 2010 financial year and was subsequently paid in 2011.

In respect of the current year, the Directors proposed that a dividend of 125 kobo per ordinary share be paid to shareholders. This dividend is subject to approval by the shareholders at the Annual General Meeting and has not been included as a liability in the financial statements. Dividend to shareholders are accounted for on the date of declaration, as they do not meet the criteria of present obligation. The proposed dividend is not subject to withholding tax when paid out of pioneer profits and is payable to all shareholders whose names appear in the Register as at closure date of 11 May 2012. The total estimated dividend to be paid for 2011 financial year is ₦19.36 billion.

22.2 Prior year adjustment represents depreciation charge on depreciable assets which were previously included in land from 2007 to 2010 and thus were not depreciated in those years. (Note 7.4)

23. Exchange difference reserve

This is in respect of exchange difference on net assets and profit re-translation on consolidation of the subsidiary.

24. Non-controlling interest

At 1 July 2011
Share of Sephaku's profit for the period
Share of post acquisition portion of other reserves

On acquisition of Sephaku Cement
Sephaku Cement (Pty) Limited, South Africa
Dangote Industries Senegal S. A.
Dangote Industries (Ethiopia) Plc
Dangote Industries (Zambia) Limited
Dangote Industries Cameroun Limited
Dangote Industries Limited, Tanzania
Dangote Industries (Sierra Leone) Limited
Dangote Industries Limited, Cote D'Ivoire
Dangote Industries Gabon S. A.

Group

2011
₦'000

8,569,453
155,113
248,251
8,972,817
(1,014,895)
7,957,922
3,272
109,865
38
632,880
29
62
3,164
3,164
8,710,396

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER, 2011

	Group	Company	
	2011 N'000	2011 N'000	2010 N'000
25. Reconciliation of profit after taxation to net cash provided by operating activities			
Profit after taxation	125,909,831	125,478,962	105,322,429
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation	15,124,720	15,031,663	14,157,540
Interest received	(1,648,660)	(1,479,948)	(870,555)
Interest paid	2,328,318	2,323,280	2,952,015
Adjustments to fixed assets	218,254	218,254	398,957
Write-off in fixed assets	795,571	794,115	—
Profit on sale of fixed assets	—	—	(6,673)
Increase in capital reserve	—	—	(15,556,084)
Revaluation reserve	—	—	(985,805)
Shares issued	—	—	245,684
Adjustment to revenue reserve	—	—	(4,202,733)
Adjustment for non-controlling interest	—	—	(6,121,937)
Extraordinary item	—	—	(1,282,980)
Changes in assets and liabilities			
Increase in stocks	(182,123)	(173,334)	(1,029,942)
Decrease/(increase) in trade debtors	9,452,473	9,504,574	(4,552,460)
Increase in other debtors	(25,531,663)	(21,765,820)	(6,034,409)
Decrease in due from related companies	18,861,290	18,814,046	2,666,472
Increase/(decrease) in due to related companies	23,109,939	23,109,939	(3,213,644)
Decrease in trade creditors	(656,580)	(656,580)	(880,601)
Increase in other creditors and accruals	4,489,847	3,336,497	11,987,544
Decrease in staff gratuity	(12,194)	(12,194)	(486,560)
Increase/decrease in taxation	1,082,616	1,079,353	(1,150,519)
Decrease in deferred taxation	(9,232,275)	(9,873,146)	(7,550,555)
Total adjustments	38,199,533	40,250,699	(21,517,245)
Net cash provided by operating activities	164,109,364	165,729,661	83,805,184
26. Reconciliation of cash and cash equivalents			
Bank and cash balances	12,751,413	8,087,180	8,908,653
Short term deposits (Note 14)	9,684,341	9,684,341	12,167,603
Bank overdraft	(4,169,563)	(4,169,563)	(36,438)
	18,266,191	13,601,958	21,039,818
27. Future capital expenditure			
Capital expenditure authorised by the Directors but not provided for in the accounts:			
Committed	134,572,706	89,451,819	28,634,350

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER, 2011

			Group		Company
			2011 N'000	2011 N'000	2010 N'000
28. Chairman's and Directors' emoluments					
i) The Directors' emoluments comprise:					
Fees			7,413	3,300	4,100
Emoluments as Executive			90,358	37,738	123,926
			97,771	41,038	128,026
Chairman			2,600	2,600	500
Highest paid Director			52,620	25,800	38,335
ii) Number of Directors (excluding the Chairman) whose emoluments were within the following ranges:					
	N	N	Number	Number	Number
	1 — 3,200,000	3,200,001 — 8,750,000	4	4	8
	3,200,001 — 8,750,000	8,750,001 — 20,000,000	3	2	—
	8,750,001 — 20,000,000	Over 20,000,000	—	—	1
			2	1	1
29. Employees					
i) Employees remunerated at higher rate excluding allowances:					
	N	N	Number	Number	Number
	250,001 — 500,000	500,001 — 750,000	540	526	—
	500,001 — 750,000	750,001 — 1,000,000	680	668	2,358
	750,001 — 1,000,000	1,000,001 — 1,250,000	904	896	315
	1,000,001 — 1,250,000	1,250,001 — 1,500,000	379	371	200
	1,250,001 — 1,500,000	1,500,001 — 2,000,000	101	91	18
	1,500,001 — 2,000,000	2,000,001 and above	77	66	43
			241	236	237
			2,922	2,854	3,171
ii) The average number of persons employed during the year excluding Directors were:					
Management			140	134	164
Non-Management			2,783	2,720	3,007
			2,923	2,854	3,171
iii) Aggregate payroll costs:					
Wages, salaries and staff welfare			8,062,009	7,144,810	6,475,938
Pension costs			207,920	207,920	233,876
Gratuity provision			189,493	189,493	100,268
			8,459,422	7,542,223	6,810,082

Notes to the Financial Statements

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	Group	Company	Company
	2011 N'000	2011 N'000	2010 N'000
30. Related party transactions			
The following transactions were carried out with related parties during the year:			
a) Purchases of goods			
Dangote Agro Sacks Plc	<u>9,330,868</u>	<u>9,330,868</u>	<u>7,624,171</u>
b) Amounts due from related companies			
Dangote Industries Limited—Commercial paper	—	—	18,005,922
DCW China	32,358	32,358	32,358
Savannah Sugar Company Plc	1,856,914	1,856,914	1,558,077
Kogi Oil Services	896	896	896
Dangote Transport Limited	140,534	140,534	208,184
Dangote Global Services Limited	8,599	8,599	8,599
Alheri Engineering Company Limited	—	—	3,193
Dansa Foods	93,591	93,591	86,473
Dangote Noodles Limited	142,851	142,851	39,214
Dangote Flour Plc	203,040	203,040	208,755
Dangote Sugar Refinery Plc	1,247,619	1,247,619	1,789,008
Dangote Pasta Limited	246,650	246,650	43,207
DIL Power Limited	18,037	18,037	7,719
Bulk Commodities International Inc.	—	—	680,408
National Salt Company of Nigeria Plc	—	—	159,615
Fertilizer Plant Project	1,570	1,570	1,570
Sephaku Cement Pty., South Africa	—	47,244	42,147
Dangote Super Group	286,616	286,616	266,019
Dangote Ceramics	799	799	—
	<u>4,280,074</u>	<u>4,327,318</u>	<u>23,141,364</u>
c) Amounts due to related companies			
Dangote Agro Sacks Plc	1,294,853	1,294,853	1,045,502
Dangote Industries limited	9,536,137	9,536,137	—
M.R.S. Oil and Gas Company Limited	—	—	4,932,252
Bulk Commodities International	18,014,303	18,014,303	—
Dangote Travels Limited	—	—	129,818
Dangote AD Star Limited	11,730	11,730	280,906
Continental Cement Ltd	—	—	50,311
National Salt Company of Nigeria Plc	846,761	846,761	—
Greenview Nigeria Limited	—	—	108,652
Oshogbo Steel Mills	16,017	16,017	6,607
Others	—	—	55,814
	<u>29,719,801</u>	<u>29,719,801</u>	<u>6,609,862</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 31ST DECEMBER, 2011

31. Contingent liabilities

No provision has been made in these consolidated financial statements for contingent liabilities in respect of litigation against the Company and its subsidiaries amounting to ₦7.9 billion (2010—~~₦4.3~~ 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.

32. Other contingencies

A long term gas purchase agreement was entered into by the Company with Nigerian Gas Company Limited for the supply of natural gas to the cement plant in Obajana. The agreement is for twenty (20) years with effect from October 2006. This commits the Company to taking up a specified minimum quantity of gas over the duration of the purchase agreement.

33. Post balance sheet events

The Company's plant at Ibese, Ogun State with production capacity of 6 million metric tonnes per annum was commissioned by the President of the Federal Republic of Nigeria in February 2012. The Directors are of the opinion that there were no other post balance sheet events which could have had material effect on the state of affairs of the Company as at 31 December, 2011 and on the profit for the year ended on that date which have not been adequately provided for or recognised.

34. Comparative figures

Certain comparative figures have been restated where necessary for a more meaningful comparison.

35. Earnings per share

Earnings per share is calculated by dividing the net profit attributable to the shareholders by the weighted average number of ordinary shares outstanding at the end of the financial year.

	Group 2011	2011	Company 2010
Earnings for the year attributable to the shareholders of the parent company (₦'000)	<u>125,754,718</u>	<u>125,478,962</u>	<u>105,322,429</u>
Weighted average number of ordinary shares in issue ('000 unit)	<u>15,491,370</u>	<u>15,491,370</u>	<u>15,491,370</u>
Earnings per share (Naira) — Basic	<u>8.12</u>	<u>8.10</u>	<u>6.80</u>

Statement of Value Added

FOR THE YEAR ENDED 31ST DECEMBER, 2011

	Group		Company			
	2011 N'000	%	2011 N'000	%	2010 N'000	%
Sales	235,914,970		235,704,876		202,565,699	
Interest received	1,648,660		1,479,948		870,555	
Other income	2,237,620		1,353,987		446,361	
	<u>239,801,250</u>		<u>238,538,811</u>		<u>203,882,615</u>	
Bought-in-materials and services:						
– Imported	(42,917,282)		(42,917,282)		(51,070,985)	
– Local	(52,998,626)		(52,881,358)		(28,840,505)	
	<u>143,885,342</u>	<u>100</u>	<u>142,740,171</u>	<u>100</u>	<u>123,971,125</u>	<u>100</u>
Value added						
Applied as follows:						
To pay employees:						
Salaries, wages and other benefits	8,459,422	5	7,542,223	5	6,810,082	5
To pay Government:						
Taxation	2,240,681	2	2,237,189	2	2,279,614	2
To pay providers of capital:						
Finance charges	2,328,318	2	2,323,280	2	2,952,015	2
To provide for maintenance of fixed assets:						
– Depreciation	15,124,720	11	15,031,663	11	14,157,540	11
– Deferred taxation	(9,867,404)	(7)	(9,873,146)	(7)	(7,550,555)	(6)
– Non-controlling interest	(155,113)	—	—	—	—	—
– Profit and loss account	125,754,718	87	125,478,962	87	105,322,429	86
	<u>143,885,342</u>	<u>100</u>	<u>142,740,171</u>	<u>100</u>	<u>123,971,125</u>	<u>100</u>

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.

Five-Year Financial Summary

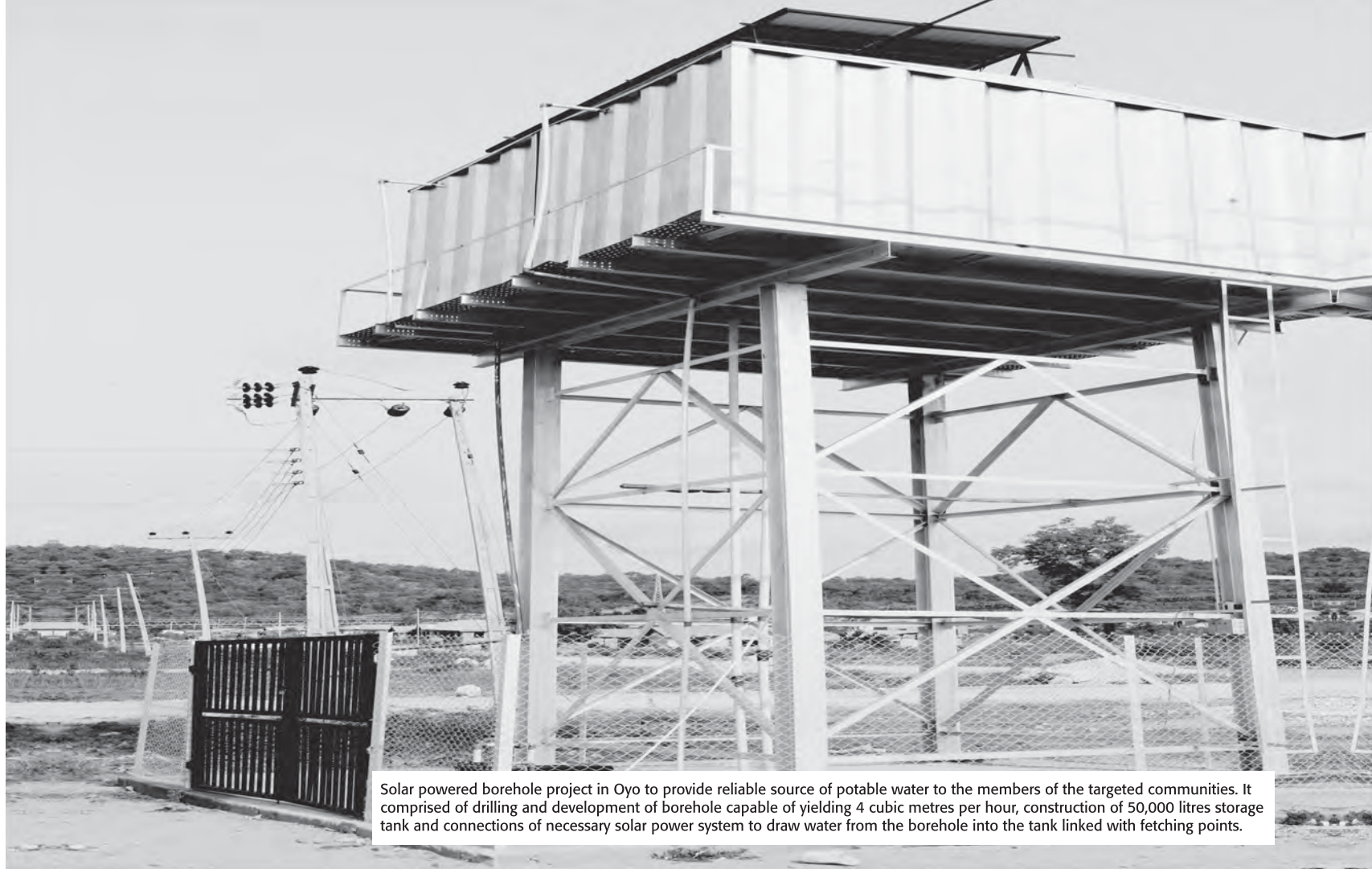
	Group		Company			
31ST DECEMBER	2011 N'000	2011 N'000	2010 N'000	2009 N'000	2008 N'000	2007 N'000
BALANCE SHEET						
ASSETS/LIABILITIES						
Fixed assets	433,918,113	346,965,606	310,143,761	142,388,500	135,621,674	130,518,631
Goodwill	9,048,671	—	—	—	—	—
Long term investments	2,771	27,622,401	50	16,659,134	—	—
Long term receivables	2,683,966	70,227,221	5,695,856	—	—	—
Net current (liabilities)/ assets	(29,903,855)	(37,190,964)	(3,659,956)	41,521,212	1,806,654	4,797,725
Deferred taxation assets/ (liabilities)	7,307,875	7,948,746	(1,924,400)	(8,486,075)	(7,959,126)	—
Long term debts	(118,036,845)	(118,036,845)	(98,251,412)	(49,619,797)	(56,889,822)	(77,211,790)
Staff gratuity	(482,490)	(482,490)	(494,684)	(350,740)	(67,162)	(33,581)
NET ASSETS	304,538,206	297,053,675	211,509,215	142,112,234	72,512,218	58,070,985
CAPITAL AND RESERVES						
Share capital	7,745,685	7,745,685	7,745,685	500,000	500,000	500,000
Share premium	42,430,000	42,430,000	42,430,000	42,430,000	42,430,000	42,430,000
Other reserves	441,692	—	—	—	—	—
Foreign exchange revaluation reserve	(1,943,313)	—	—	—	—	3,518,876
Revaluation reserve	—	—	—	985,805	—	—
Revenue reserve	247,153,746	246,877,990	161,333,530	98,196,429	29,582,218	11,622,109
Non-controlling interest	8,710,396	—	—	—	—	—
	304,538,206	297,053,675	211,509,215	142,112,234	72,512,218	58,070,985
Turnover, Profit and Loss account						
Turnover	235,914,970	235,704,876	202,565,699	129,797,087	61,906,088	34,595,913
Profit before taxation	118,283,108	117,843,005	101,334,468	49,510,037	26,624,785	12,252,875
Taxation	7,626,723	7,635,957	5,270,941	(2,258,711)	(8,664,675)	(630,766)
Profit after taxation	125,909,831	125,478,962	106,605,409	47,251,326	17,960,110	11,622,109
Extraordinary item	—	—	(1,282,980)	—	—	—
Profit after taxation and extraordinary item	125,909,831	125,478,962	105,322,429	47,251,326	17,960,110	11,622,109
Per share data (Naira):						
Earnings — (Basic)	8.12	8.10	6.80	95.00	36.00	23.00
Net assets	19.66	19.18	13.65	142.11	72.51	58.07

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.

Share Capital History

Date	Authorised		Issued and Fully Paid		Consideration/ Remarks
	Increase	Cumulative	Increase	Cumulative	Cash/Bonus/Others
1992	500,000,000	500,000,000	210,000,000	210,000,000	Cash
2002	—	500,000,000	290,000,000	500,000,000	Cash
2010	9,500,000,000	10,000,000,000	7,000,000,000	7,500,000,000	Bonus
2010			245,685,184	7,745,685,184	Share Exchange (Merger)
2011		10,000,000,000	—	7,745,685,184	No. Change



Solar powered borehole project in Oyo to provide reliable source of potable water to the members of the targeted communities. It comprised of drilling and development of borehole capable of yielding 4 cubic metres per hour, construction of 50,000 litres storage tank and connections of necessary solar power system to draw water from the borehole into the tank linked with fetching points.



Construction and extension of low tension electricity lines to provide communities with access to low tension electricity from the installed transformers. The project entails erection of poles and extending low tension lines to Obajana, Apata, Iwaa and Oyo communities.



E-DIVIDEND MANDATE

The Registrar,



Mainstreet Bank Registrars Ltd.
2A, GBAGADA EXPRESSWAY,
ANTHONY VILLAGE, LAGOS.
Tel: 01-7100798, 8502754,
7735967, 7735963
P.M.B. 12974, LAGOS.
Website: www.mainstreetbankregistrars.com
E-mails: info@mainstreetbankregistrars.com

ABUJA BRANCH OFFICE:

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

Dear Sir,

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

NAME OF BANK BRANCH

BANK ADDRESS

BANK ACCOUNT NO.

SHAREHOLDER'S FULL NAME

SURNAME

TITLE

OTHER NAMES

FULL ADDRESS

CSCS NO. CHN NO.

BROKER'S NAME

MOBILE (GSM) NO. LAND LINE

E-MAIL FAX

SHAREHOLDER'S SIGNATURE(S)/COY SEAL

BANK'S AUTHORIZED SIGNATURE/STAMP

1

1

2

2

PLEASE TICK AS APPLICABLE

African Alliance Insurance Plc	<input type="checkbox"/>
Dangote Cement Plc	<input type="checkbox"/>
Geofluids Plc	<input type="checkbox"/>
Lasaco Assurance Plc	<input type="checkbox"/>
Mainstreet Bank Ltd.	<input type="checkbox"/>
May & Baker Nigeria Plc	<input type="checkbox"/>
Multiverse Resources Plc	<input type="checkbox"/>
Niger State Bond	<input type="checkbox"/>

PLEASE TICK AS APPLICABLE

Nigerian Ropes Plc	<input type="checkbox"/>
Omatek Ventures Plc	<input type="checkbox"/>
Panafrican Capital Plc	<input type="checkbox"/>
Riggs Venture Plc	<input type="checkbox"/>
Transnational Corporation of Nig. Plc	<input type="checkbox"/>
Udeofson Garment Factory Nig. Plc	<input type="checkbox"/>
Universal Insurance Company Plc	<input type="checkbox"/>
Value Capital Plc	<input type="checkbox"/>

PROXY FORM

I/WE
 of
 being a shareholder of Dangote Cement Plc, hereby appoint or failing him/her
 Or
 as my/our Proxy to act and vote for me/us on my/our behalf at the 3rd Annual General Meeting to be held on, 2012
 and at any adjournment thereof.

DATED THE DAY OF 2012

SHAREHOLDER'S SIGNATURE

	NO.	ORDINARY BUSINESS	FOR	AGAINST
I/We desire this proxy to be used in favour of/or against the resolution as indicated alongside (strike out whichever is not applicable).	1.	To receive the audited Financial Statements for the year ended 31st December, 2011, and the reports of the Directors, Auditors and Audit Committee thereon;		
	2.	To declare a dividend;		
	3.	To elect or re-elect Directors;		
	4.	To fix the remuneration of the Directors;		
	5.	To authorize the Directors to fix the remuneration of the Auditors;		
	6.	To elect members of the Audit Committee.		
	7.	SPECIAL BUSINESS BONUS ISSUE To consider and if thought fit, to pass the following resolution as ordinary resolution: That the Directors having recommended that it is desirable to capitalize the sum of ₦774,568,518.40 (Seven hundred and seventy-four million, five hundred and sixty-eight thousand, five hundred and eighteen Naira forty kobo only) from the amount standing to the credit of the Share Premium Account or other free reserves wherefrom such distribution is allowed to be made in the books of the Company and accordingly that such be set aside for distribution among the shareholders of the Company whose names appear on the Register of Members at the close of business on Friday, 11th May, 2012 in proportion of one new ordinary share of 50 kobo for every 10 ordinary shares held by them on that date on the condition that the same be not paid in cash but be applied in paying up in full 1,549,137,036 (One billion, five hundred and forty-nine million, one hundred and thirty-seven thousand and thirty-six new ordinary shares of 50 kobo each so distributed to rank <i>pari passu</i> with existing issued shares of the Company. The new shares so distributed being treated for all purposes as capital and not income and Directors shall give effect to this resolution on receipt of necessary permission from the authorities.		

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

This proxy form should NOT be completed and sent to the registered office if the member will be attending the meeting.

NOTE:

- A member (shareholder) entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy in his stead. All proxy form should be deposited at the registered office of the Registrar (as in notice) not later than 48 hours before the meeting.
- In the case of Joint Shareholders, any of them may complete the form, but the names of all Joint Shareholders must be stated.
- If the shareholder is a Corporation, this form must be executed under its Common Seal or under the hand of some officers or an attorney duly authorized.
- The Proxy must produce the Admission Card sent with the Notice of the meeting to gain entrance to the meeting.
- It is a legal requirement that all instrument of proxy to be used for the purpose of voting by any person entitled to vote at any meeting of the shareholders must bear appropriate stamp duty from the Stamp Duties office (not adhesive postage stamps).

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

**ADMISSION
CARD**NAME AND ADDRESS
OF SHAREHOLDER(S):

NUMBER OF SHARES HELD:

Please admit to the 3rd Annual General Meeting of Dangote Cement Plc, to be held at The Civic Centre, Ozumba Mbadiwe Road, Victoria Island, Lagos at 11.00 a.m. on Thursday, 24th May, 2012.

Signature of person attending:

- This admission card should be produced by the Shareholder or his/her proxy in order to obtain entrance to the Annual General Meeting.
- You are requested to sign this card at the entrance in the presence of the Company Secretary or his Nominee on the day of the Annual General Meeting.

Please be advised that to enable a Proxy gain entrance to the meeting, the Proxy Form is to be duly completed and delivered to the Company Secretary not later than 48 hours before the time fixed for the meeting.

The Registrar,
MAINSTREET BANK REGISTRARS LIMITED
2A, GBAGADA EXPRESSWAY,
ANTHONY VILLAGE,
P.M.B. 12974, LAGOS.



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