THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about the contents of this document or any action to be taken, please consult your Stockbroker, Financial Adviser, Solicitor, Accountant or any other professional adviser duly registered under the Investments and Securities Act No.29, 2007 immediately.

If you have sold or otherwise transferred all your shares in Dangote Cement Plc or Benue Cement Company Plc, please give this document and the accompanying forms of proxy to the purchaser or transferee, or to the Stockbroker, Bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

The distribution of this document in jurisdictions other than Nigeria may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdiction.

SCHEME OF MERGER

Under Part XII of the Investments and Securities Act No. 29, 2007

BETWEEN

DANGOTE CEMENT PLC

RC 208767

AND

BENUE CEMENT COMPANY PLC

RC 15545

Incorporating an Explanatory Statement on the Proposed Scheme

Vetiva Capital Management Limited ("Vetiva") and Afrinvest (West Africa) Limited ("Afrinvest') are acting as Financial Advisers to Dangote Cement Plc ("Dangote Cement" or "DCP")(Formerly Obajana Cement Plc) while Stanbic IBTC Bank Plc ("Stanbic IBTC") is acting as Financial Adviser to Benue Cement Company Plc ("BCC") in connection with the Scheme.

Vetiva, Afrinvest and Stanbic IBTC will not be responsible to any other individual or corporate body for providing advice in relation to the transaction and arrangements referred to herein.

Notices convening the Court-Ordered Meetings of DCP and BCC are set out at the end of this document. To be valid, proxy forms must be completed, together with the Power of Attorney or other authority, if any, under which they are signed and in accordance with the instructions printed thereon, and must reach the Company Secretaries of either DCP or BCC as the case may be, not less than 24 hours before the time scheduled for the respective meetings.

THE PROPOSALS WHICH ARE THE SUBJECT OF THE SCHEME OF MERGER SET OUT IN THIS DOCUMENT HAVE BEEN CLEARED WITH THE SECURITIES & EXCHANGE COMMISSION. THE ACTIONS THAT YOU ARE REQUESTED TO TAKE ARE SET OUT ON PAGES 16 TO 25. NOTICES OF THE MEETINGS TO BE HELD ARE SET OUT ON PAGES 92 TO ERROR! BOOKMARK NOT DEFINED.**.**

LEAD FINANCIAL ADVISER TO DANGOTE CEMENT PLC (FORMERLY OBAJANA CEMENT PLC)

VETIVA CAPITAL MANAGEMENT LIMITED RC.485600

CO-FINANCIAL ADVISER TO DANGOTE CEMENT PLC (FORMERLY OBAJANA CEMENT PLC)

AFRINVEST RC 261272

FINANCIAL ADVISER TO BENUE CEMENT COMPANY PLC

Stanbic IBTC Bank PLC A member of Standard Bank Group RC 125097

THIS SCHEME OF MERGER DOCUMENT IS DATED TUESDAY, 24 AUGUST 2010

CONTENTS

DEFINITIONS

"ACT" OR "ISA"	The Investment and Securities Act . No. 29, 2007
"AFRINVEST"	Afrinvest (West Africa) Limited with registration number: RC 261272
"BCC"	Benue Cement Company Plc with registration number: RC 15545
"BCC SHAREHOLDER"	The shareholders whose names appear in the Register of Members of BCC (other than DCP) as at the Qualification Date
"BOARD"	Refers to the Board of Directors of either Benue Cement Company Plc("BCC") or Dangote Cement Plc ("DCP") in the relevant context
"BUSINESS DAY"	Any day other than a Saturday, Sunday or official public holiday in Nigeria
"CAC"	The Corporate Affairs Commission
"CAMA"	Companies and Allied Matters Act CAP C20 LFN 2004
"COURT"	The Federal High Court of Nigeria
"COURT-ORDERED MEETINGS"	The separate meetings of the shareholders of DCP and BCC convened by order of the Court pursuant to Part XII of the ISA, notices of which are set out on pages 92 to **Error! Bookmark not defined.** of the Scheme Document
"COURT SANCTION"	The order of the Court that gives effect to the Scheme
"CSCS"	Central Securities Clearing System Limited
"CTC"	Certified True Copy
"DANGOTE CEMENT" OR "DCP"	Dangote Cement Plc (formerly Obajana Cement Plc) with registration number RC 208767
"DIL"	Dangote Industries Limited (core shareholder in DCP) with registration number: RC 71242
"EFFECTIVE DATE"	The date on which the Court sanctions the Scheme pursuant to Part XII of ISA
"ENLARGED DANGOTE CEMENT" OR "POST-MERGER ENTITY" OR "POST-MERGER DCP"	Refers to the entity which will emerge from the merger of DCP and BCC
"EXPLANATORY STATEMENT"	The Statement dated Thursday 05 August 2010 issued by the Financial Advisers to DCP and BCC for the purpose of explaining the terms, conditions and effects of the Scheme which is set out on pages 16 to 25 of this Scheme Document.
"FINANCIAL ADVISERS"	Vetiva and Afrinvest acting as Financial Advisers to DCP and Stanbic IBTC acting as Financial Adviser to BCC
"FIRS"	Federal Inland Revenue Service
"HOLDER"	Any individual or corporate entity entitled to the Scheme Shares
"NSE"	The Nigerian Stock Exchange
"MERGER"	The Merger between DCP and BCC to be implemented pursuant to Part XII of ISA
"MERGING COMPANIES"	BCC and DCP
"MT"	Metric Tonnes

DEFINITIONS

"OCP"	Obajana Cement Plc, now Dangote Cement further to a change of name on 14 July, 2010
"Qualification Date"	Monday 30 August 2010 for DCP and Monday 30 August 2010 for BCC
"Qualifying Shareholders"	The shareholders whose names appear in the Register of Members of DCP and BCC as at the Qualification Date and are eligible to attend the Court Ordered Meetings
"Scheme" or "Scheme of Merger"	The proposed Scheme of Merger between DCP and BCC and the holders of their respective fully paid Ordinary Shares under Part XII of ISA set on pages 29 to 32 of this Scheme Document
"Scheme Document"	This document containing the Scheme, the Explanatory Statement, the Notices of Court Ordered Meetings and the various Appendices therein
"Scheme Shares"	The 494,019,668 Ordinary Shares of 50 Kobo each in DCP to be issued to BCC shareholders in exchange for their shares in BCC in line with the terms of the Scheme
"SEC"	The Securities & Exchange Commission
"Stanbic IBTC"	Stanbic IBTC Bank Plc with registration number: RC 125097
"Terminal Date"	The Business Day immediately preceding the Effective Date
"Vetiva"	Vetiva Capital Management Limited with registration number: RC 485600

PROPOSED TIMETABLE

DATE	ACTIVITY
06.09.10	Publish Notice of Court Ordered Meeting in National Newspapers
27.09.10	Last date for lodging proxy forms for Court-Ordered Meetings
28.09.10	Court Ordered Meetings for the shareholders of Dangote Cement and BCC
29.09.10	File returns of Court-Ordered Meetings with CAC
15.10.10	Obtain SEC Final Approval of the Scheme
18.10.10	File petition for Order sanctioning the Scheme
20.10.10	Obtain Court Order sanctioning the Scheme/Effective Date
21.10.10	Obtain CTC of Court Order Sanctioning the Scheme
22.10.10	BCC shares placed on full suspension on the NSE
22.10.10	Register CTC of Court Sanction on Scheme with CAC
25.10.10	File CTC of Court Sanction with SEC
25.10.10	Publish copy of Court Sanction in two national newspaper/Gazette
27.10.10	Obtain SEC approval letter registering the new Dangote Cement shares
03.11.10	Dispatch Dangote Cement share certificates/Credit CSCS accounts of the holders of the Scheme shares
05.11.10	List Dangote Cement on the NSE and commence trading
Post transaction	Effect & Perfect Asset Transfer

Important Notice:
The dates stated above, which reflect principal activities, are indicative only. They are subject to change without prior notice.

DIRECTORS AND PARTIES TO THE SCHEME

DANGOTE CEMENT PLC (FORMERLY OBAJANA CEMENT PLC)

CHAIRMAN:	**Alhaji Aliko Dangote** *CON* Marble House 1 Alfred Rewane Road Falomo Ikoyi Lagos State
MANAGING DIRECTOR/CEO:	**Mr. Jagat Rathee** Marble House 1 Alfred Rewane Road Falomo Ikoyi Lagos State
DIRECTOR:	**Alhaji Sani Dangote** Marble House 1 Alfred Rewane Road Falomo Ikoyi Lagos State
DIRECTOR:	**Mr. Olakunle Alake** Marble House 1 Alfred Rewane Road Falomo Ikoyi Lagos State
DIRECTOR:	**Alhaji Abdu Dantata** Marble House 1 Alfred Rewane Road Falomo Ikoyi Lagos State
DIRECTOR:	**Mr. Devakumar Edwin** Marble House 1 Alfred Rewane Road Falomo Ikoyi Lagos State
DIRECTOR:	**Alhaji Sada Ladan–Baki** Marble House 1 Alfred Rewane Road Falomo Ikoyi Lagos State

DIRECTORS AND PARTIES TO THE SCHEME

DIRECTOR:	**Mr. Festus Odimegwu** Marble House 1 Alfred Rewane Road Falomo Ikoyi Lagos State
DIRECTOR:	**Alhaji Tajudeen Sijuade** Marble House 1 Alfred Rewane Road Falomo Ikoyi Lagos State
DIRECTOR:	**Mr. Knut Ulvmoen** Marble House 1 Alfred Rewane Road Falomo Ikoyi Lagos State
COMPANY SECRETARY:	**Mallam Mohammed Jibril** Marble House 1 Alfred Rewane Road Falomo Ikoyi Lagos State
REGISTERED OFFICE:	Marble House 1 Alfred Rewane Road Falomo Ikoyi Lagos State
LEAD FINANCIAL ADVISER:	**Vetiva Capital Management Limited** Plot 266B Kofo Abayomi Street Victoria Island Lagos State
CO-FINANCIAL ADVISER:	**Afrinvest (West Africa) Limited** Foreshore Towers (12th Floor) 2A Osborne Road Ikoyi Lagos State
REPORTING ACCOUNTANT:	**SIAO** 18B Temple Road Ikoyi Lagos State

DIRECTORS AND PARTIES TO THE SCHEME

SOLICITOR:	**Olaniwun Ajayi LP** The Adunola Plot L2, 401 Close Banana Island Ikoyi Lagos State
JOINT AUDITORS:	**Akintola Williams Deloitte** 235 Ikorodu Road Ilupeju Lagos State
	Ahmed Zakari & Co. African Alliance Building (5th Floor) F1, Sani Abacha Way Kano State
REGISTRARS :	**Afribank Registrars Limited** 2A Gbagada Expressway Anthony Village Lagos State

BENUE CEMENT COMPANY PLC

CHAIRMAN:	**Alhaji Aliko Dangote** *CON* Marble House 1 Alfred Rewane Road Ikoyi Lagos State
MANAGING DIRECTOR/CEO:	**Mr. Shree Narendra Junnarkar** B35 Mkar Estate Gboko Benue State
DIRECTOR:	**Mr. Olakunle Alake** Marble House 1 Alfred Rewane Road Ikoyi Lagos State
DIRECTOR:	**Chief Edward Kunavzua Ashiekaa** 110 Ahmadu Bello Way Gboko Benue State
DIRECTOR:	**Chief David Attah** Plot B60 Hudco Quarters Makurdi Benue State
DIRECTOR:	**Devakumar Victor Gnandoss Edwin** Marble House 1 Alfred Rewane Road Ikoyi Lagos State
DIRECTOR:	**Basil Akerigba Kwembeh** Gbihi Royal Hotel Km 4 Gboko Road Makurdi Benue State
DIRECTOR:	**Mr. Olusegun Olusanya** Marble House 1 Alfred Rewane Road Ikoyi Lagos State

DIRECTORS AND PARTIES TO THE SCHEME

DIRECTOR:	**Senator John Wash Pam** 35 Secretariat Lane Jos Plateau State
DIRECTOR:	**Engr. (Chief) Isaac Wakombo** 33/35 Wakombo Vanger Street Gboko Benue State
COMPANY SECRETARY:	**Mr. Ityoyila Ukpi** Kilometre 72 Makurdi - Gboko Road Tse-Kucha Benue State
REGISTERED OFFICE:	Kilometre 72, Makurdi-Gboko Road Tse-Kucha Gboko Benue State
FINANCIAL ADVISER:	**Stanbic IBTC Bank Plc** IBTC Place Walter Carrington Crescent Victoria Island Lagos State
REPORTING ACCOUNTANT:	**KPMG Professional Services** 22A Gerrard Road Ikoyi Lagos State
SOLICITOR:	**Banwo & Ighodalo** 98 Awolowo Road South West Ikoyi Lagos State
AUDITOR:	**BDO Professional Services** ADOL House 15, IPM Avenue Central Business District Alausa, Ikeja Lagos State
REGISTRARS :	**Afribank Registrars Limited** 2A Gbagada Expressway Anthony Village Lagos State

A. LETTER FROM THE CHAIRMAN OF DANGOTE CEMENT PLC

Marble House
1 Alfred Rewane Road
Falomo
Ikoyi
Lagos State

To: All Shareholders,

Dear Sir/Madam,

PROPOSED MERGER BETWEEN DANGOTE CEMENT PLC AND BENUE CEMENT COMPANY PLC

Introduction

I write to inform you that the Boards of Directors of your Company Dangote Cement Plc ("Dangote Cement" or "DCP") (formerly Obajana Cement Plc) and Benue Cement Company Plc ("BCC") have been holding discussions on a proposed merger. The merger will be effected through a Scheme of Merger ("the Scheme") pursuant to Part XII of the Investment and Securities Act 2007 ("ISA"). The primary objective of the merger is to streamline the management and governance of both companies in view of the majority stake in BCC held by DCP. The proposed merger will lead to administrative efficiencies, while maximising shareholder value for both companies.

As part of the process of the merger, your Board engaged the services of several experts to guide its decision-making. Vetiva and Afrinvest were appointed as Lead Financial Adviser and Co-Financial Adviser respectively. The firms of SIAO and Olaniwun Ajayi LP were also appointed as Reporting Accountants and Solicitor respectively.

I am pleased to inform you that requisite pre-merger approvals have been received from the appropriate authorities in respect of the proposed Scheme. The Federal High Court has directed that separate meetings of the shareholders of the two companies be convened, and the Scheme be presented for your consideration and approval at the Court Ordered Meeting to be held on Tuesday, 28 September 2010. You will find on Pages 16 to 25 of the Scheme Document an Explanatory Statement containing the details of the terms, conditions and effects of the Scheme.

Industry Background

The Nigerian Cement Industry has witnessed sustained year on year growth over the past decade, with domestic manufacturing lagging growth in consumer demand. The industry grew sales rapidly from about ₦26 billion in 2004 to an estimated value of ₦134 billion in 2008. According to industry sources, the estimated total consumption grew by about 10% to 14.8 million tonnes in 2009, and an annual average of 12% since 2004. Although Nigeria's cement consumption continues to rise, per capita usage (consumption per head) has remained low. With a population of about 150 million, Nigeria's per capita consumption was approximately 98Kg in 2009, one of the lowest in the world, compared to South Africa's 280Kg and the BRIC[1] nations' average of over 400kg.

The improvement in oil production and the recovery in global crude oil prices have resulted in increased government revenue. Thus, it is expected that demand will continue to rise in the short to medium term on the back of increased infrastructure spending (2010 budget of ₦4.6 trillion is 48% higher than the 2009 actual budget; while capital expenditure increased by 82% to ₦1.5 trillion). Another growth driver is the Central Bank of Nigeria's recent initiative directed at providing about ₦500 billion for infrastructure projects in the electric power and real sectors of the economy.

Growth is also expected to be very rapid if the government commences work towards actualising its Vision 2020 programme for housing and transportation, which according to industry sources estimates would consume about 919 million MT of cement over the next ten years. Considering the scale of the infrastructure deficit (deficit of 16 million homes with just 36 homes per 1,000 persons), the industry is confident of infrastructure investments driving demand growth for cement.

[1] BRIC – Brazil, Russia, India and China

Industry estimates of capacity development and demand growth reveal that by 2013, capacity may exceed demand by 5.08 million MT. This analysis is based on the assumption that cement consumption will continue to grow at an annual rate of 10%, and that total installed capacity would reach 26.75 million MT per annum after 2012. Thus, demand has been estimated to increase from 14.8 million MT in 2009 to 21.67 million MT by 2013. This saturation of the Nigerian cement market will ultimately shift the focus of manufacturers to export markets in neighbouring African states where demand is expected to remain high while supply remains limited. The excess of 5.08 million MT between estimated demand and planned expansion is forecast to serve as the export capacity threshold for Nigerian cement manufacturers (especially companies that have access to international markets).

From the above, it is evident that ample opportunities for growth of the Nigerian cement industry still exist as we expect the renewed focus on rebuilding the country's dilapidated infrastructure and increasing housing stock to greatly boost per capita cement consumption. Although cement production capacity in Nigeria is expected to exceed demand by 2013, we expect increased regional expansion opportunities to other African countries for your company.

Therefore, we believe economies of scale, efficient energy planning and sourcing as well as robust nationwide and regional distribution platforms will be the key success factors in determining industry leadership going forward. A merger with BCC will thus enable your company build on its strengths and further solidify its leadership position in the cement market by leveraging on the unique market positioning of BCC.

About Benue Cement Company Plc

Benue Cement Company Plc was incorporated in 1975, with the Federal Government of Nigeria as the core investor. The company commenced cement production in 1980 with an installed capacity of 900,000 MT of cement per annum. In 2000, the Federal Government sold its interest to DIL following a privatisation exercise conducted by the Bureau of Public Enterprises ("BPE"). DIL subsequently transferred its stake in BCC to DCP in 2009.

Sequel to DIL's takeover and subsequent investment in the Company, the Company's installed capacity has been increased from 900,000 MT per annum to 2.8 million MT per annum. BCC has an issued share capital of ₦1.957 billion, consisting of 3,915,527,344 Ordinary Shares of 50 Kobo each out of which Dangote Cement owns 2,927,488,009 Ordinary Shares representing a 74.77% stake.
BCC recorded a 53% growth in turnover to ₦35.01 billion and a 71% growth in Profit After Tax to ₦14.3 billion in 2009.

Benefits/Effects of the Merger

The proposed merger was conceived with the goal of consolidating the cement producing entities of DIL in Nigeria under a single entity presenting a robust platform for the enlarged (Post Merger) Dangote Cement to optimise on available growth opportunities having regard to the present state of the Nigerian Cement Industry. The unified cement entity will capture positive economies of scale and realise significant synergies through enhanced operational and administrative efficiency and a unified service delivery platform. The directors of both companies are of the opinion that significant cost and revenue synergies will accrue from the proposed merger to create additional value to the shareholders of both companies. The envisaged benefits of the proposed merger include:

a) **Better access to financing:**- The post-merger entity will have a bigger balance sheet and a larger collection of high quality assets that can potentially be pledged as collateral to lenders. This should result in financing costs that may be lower than those obtainable for each of the merging companies.
b) **Operational efficiencies:** – The merger will result in greater operational integration between DCP and BCC and make the consolidation of their supply and distribution chains more effective. Following the merger BCC and DCP will be able to share facilities, inventory and other resources.
c) **Improved management efficiencies:** The post-merger entity will incur only a single set of expenses such as Annual General Meetings, Board of Directors and communications to shareholders.

d) **Economies of Scale:** The inherent economies of scale will result in a reduction in costs and utilisation of the synergies between the two companies to streamline operations.

e) **Value Creation:** The Post-Merger Entity will present a robust value proposition for the shareholders of the Merging Companies.

f) **Enlarged Cement Production Platform**: The consolidation of the two companies will assist in actualising the objective of the Federal Government of Nigeria to achieve self-sufficiency in cement production.

Recommendation

Your Board is of the opinion that the merger represents an opportunity for you to benefit from the synergies that would result from a combination of both companies. The enlarged company which will continue to trade under the name *Dangote Cement Plc* and be listed on the NSE shall be better placed to perform effectively in the industry, bringing about greater operational efficiency and increased return to all shareholders. Furthermore, the enlarged company will be positioned as the lowest-cost producer of cement in Nigeria.

Your Board and our Financial Advisers consider the terms of the proposed merger to be fair and reasonable. Therefore, the Board of Directors unanimously recommends that you vote in favour of the resolution, which is to be proposed at the Court Ordered Meeting on Tuesday, 28 September 2010.

If you are unable to attend the meeting in person, please complete and return the enclosed form of proxy in accordance with the instructions thereon. Please note that, lodging of a form of proxy does not prevent you from attending the meeting and voting in person, should you subsequently decide to do so. However, in such instances, your proxy will not be entitled to attend or vote.

Yours faithfully,

ALHAJI ALIKO DANGOTE *CON*
Chairman

B. LETTER FROM THE CHAIRMAN OF BENUE CEMENT COMPANY PLC

Kilometre 72, Makurdi-Gboko Road
Tse-Kucha
Benue State

To: All Shareholders,

Dear Sir/Madam,

PROPOSED MERGER BETWEEN DANGOTE CEMENT PLC AND BENUE CEMENT COMPANY PLC

Introduction

As you are aware, Benue Cement Company Plc is now a subsidiary of Dangote Cement Plc (formerly Obajana Cement Plc) ("Dangote Cement" or "DCP"). In order to improve operational efficiency, expand growth prospects and maximize value for all stakeholders, your Board has had discussions with the Board of Dangote Cement on a proposed merger.

We are pleased to report that subsequent discussions between both Boards of directors have led to an agreement on the terms of the proposed merger between DCP and BCC. I am now writing to you, on behalf of the Board, to set out the terms of the proposed merger and to explain the background and benefits of the merger. Your Directors recommend the proposed merger for your considerations and seek your support and approval for its implementation. As part of the process of the merger, your Board engaged the services of several experts to guide its decision-making. Accordingly, Stanbic IBTC Bank Plc was appointed as Financial Adviser, KPMG Professional Services as Reporting Accountants and Banwo & Ighodalo as Solicitor.

I am pleased to inform you that requisite pre-merger approvals of the Scheme have been received from the appropriate regulatory authorities in respect of the proposed Scheme. The Federal High Court has directed that separate meetings of the shareholders of the two companies be convened, and the Scheme be presented for your consideration and approval at the Court Ordered Meeting to be held on Tuesday, 28 September 2010. You will find on Pages 16 to 25 of the Scheme Document an Explanatory Statement containing the details of the terms, conditions and effects of the Scheme.

Background

The proposed merger between DCP and BCC was conceived with the goal of streamlining the management of both companies and leveraging on positive operational and administrative economies of scale. The directors of both companies are of the opinion that significant cost and revenue synergies will accrue from the proposed merger to create additional value to the shareholders of both companies.

The enlarged DCP would provide a robust platform to drive the expansion of domestic cement production capacity aimed at bridging the significant demand/supply gap for cement in the country. The enlarged DCP will capture positive economies of scale and realize significant synergies through enhanced operational and administrative efficiency and a unified service delivery platform.

Information about Dangote Cement Plc

Dangote Cement was incorporated as Obajana Cement Plc on 04 November 1992 by the Kogi State Government to operate plant(s) for the preparation, manufacture, control, research and distribution of cement and related products. The Company was incorporated with an authorised share capital of ₦500,000,000.00 divided into 500,000,000 Ordinary Shares of ₦1.00 each. In July 2010, the authorized share capital of the company was increased from ₦500,000,000.00 to ₦10,000,000,000 by the creation of 9,500,000,000 additional Ordinary Shares of ₦1.00 each. In addition, the shareholders of the company approved a split of the nominal value of the shares from ₦1.00 to 50 kobo each.

In 2002, DIL bought over Obajana Cement Plc from Kogi State Government and commenced the construction of the Company's first cement production plant in 2004. In 2007, the company commissioned its production plant in Obajana, Kogi State. The Obajana Cement Plant currently has a capacity of producing 5 million tonnes of Cement per annum, and is expected to increase to about 10 million tonnes per annum by 2012. The plant at Obajana is the largest cement production plant in Sub-Saharan Africa. DIL owns 99.14% of the shares in the issued share capital DCP. In December 2009, DIL transferred its entire shareholding in BCC to the company. In July 2010, the name Obajana Cement Plc was changed to Dangote Cement Plc.

Current Performance

Dangote Cement recorded a turnover of ₦189.62 billion and a profit after tax of ₦61.39 billion for the year ended 31 December 2009. The Company's total assets and shareholders' funds stood at ₦316.34 billion and ₦163.79 billion respectively as at that date.

Benefits of the Merger

The envisaged benefits of the proposed merger to the merging companies are as follows:

a) **Better access to financing:**- The post-merger entity will have a bigger balance sheet and a larger collection of high quality assets that can potentially be pledged as collateral to lenders. This should result in financing costs that may be lower than those obtainable for each of the merging companies.

b) **Operational efficiencies:** – The merger will result in greater operational integration between DCP and BCC and make the consolidation of their supply and distribution chains more effective. Following the merger BCC and DCP will be able to share facilities, inventory and other resources.

c) **Improved management efficiencies:** The post-merger entity will incur only a single set of expenses such as Annual General Meetings, Board of Directors and communications to shareholders.

d) **Economies of Scale:** The inherent economies of scale will result in a reduction in costs and utilisation of the synergies between the two companies to streamline operations.

e) **Value Creation:** The Post-Merger Entity will present a robust value proposition for the shareholders of the Merging Companies.

f) **Enlarged Cement Production Platform**: The consolidation of the two companies will assist in actualising the objective of the Federal Government of Nigeria to achieve self-sufficiency in cement production

Recommendation

The Board of BCC considers the terms of the Scheme fair and reasonable. The Scheme is therefore unanimously supported and recommended by all the Directors of the company. On behalf of your Board, we urge you to also support the Scheme and to vote in favour of the resolutions to be proposed at the Court Ordered Meeting.

It is particularly important that as many votes as possible are cast at the Court Ordered Meeting so that the Court may be satisfied that there was a fair representation of the opinion of shareholders. Whether or not you intend to attend the Court Ordered Meeting, we urge you to complete and sign the relevant Proxy Form and return it in accordance with the instructions thereon, as soon as possible and in any event not later than 24 hours before the time fixed for the meeting.

Please note that the lodging of a Proxy Form will not prevent you from attending the Court Ordered Meeting and voting in person, should you subsequently decide to do so. In such circumstances, your proxy will not be entitled to attend or vote.

I look forward to welcoming you or your proxy to the meeting.

Yours faithfully,

ALHAJI ALIKO DANGOTE *CON*
Chairman

EXPLANATORY STATEMENT TO THE SHAREHOLDERS OF DANGOTE CEMENT PLC AND BENUE CEMENT COMPANY PLC

VETIVA CAPITAL MANAGEMENT LIMITED
RC.485600

Stanbic IBTC Bank PLC
A member of Standard Bank Group
RC 125097

AFRINVEST
RC 261272

Thursday, 05 August 2010

To the Shareholders of:

Dangote Cement Plc

And

Benue Cement Company Plc

Dear Sir/Madam,

THE PROPOSED SCHEME OF MERGER BETWEEN DANGOTE CEMENT PLC AND BENUE CEMENT COMPANY PLC

You would have been informed by the letters from your respective Chairmen, presented on pages 11 to 15 of this document, of the on-going discussions between the directors of DCP and BCC regarding the intention to merge the assets, liabilities, and operations of both companies. The directors of DCP and BCC have agreed and deem it advisable and in the interest of their respective companies and shareholders to engage in a business combination through a Scheme of Merger (the "Scheme") upon the terms and conditions set out in this document and in accordance with the provisions of Part XII of the ISA.

As part of the Scheme, the assets, liabilities and undertaking of BCC will be transferred to DCP by the sanction of the Court and the entire issued share capital of BCC cancelled, in consideration for which BCC Shareholders will be issued Ordinary Shares in DCP. BCC will then be dissolved without being wound up and DCP will emerge as the surviving entity subsequent to the Scheme becoming effective.

We have been briefed and authorized by your respective directors to write to you on their behalf to explain the terms, conditions, provisions and effects of the Scheme and any other information with they consider relevant as presented hereunder:

A. THE PROPOSAL

i) Transfer and Consideration

It is proposed that all the assets, liabilities and undertakings including real property and intellectual property rights of BCC be transferred to Dangote Cement and that the 3,915,527,344 issued Ordinary Shares of 50 Kobo each of BCC be cancelled and that BCC be dissolved without being wound up.

In consideration for the transfer of all the assets, liabilities and undertakings of BCC to Dangote Cement it is proposed that each BCC Shareholder will

RECEIVE: 1 Ordinary share in the Enlarged DCP to be credited as fully paid,

IN EXCHANGE FOR: 2 Ordinary Shares held in BCC on the Terminal Date

ii) Post Merger Dividend and Other Rights

The Ordinary Shares in the share capital of Dangote Cement to be issued to BCC Shareholders shall upon the sanction of the Scheme by the Court, rank *pari-passu* in all respects and shall form a single class of shares with the existing Ordinary Shares in the capital of Dangote Cement. Accordingly, BCC Shareholders shall following the Scheme be entitled to any dividend, bonus issues, and other distributions/rights made by Dangote Cement after the Scheme.

iii) Provision for Dissenting Shareholders

Arrangements have been made for dissenting BCC shareholders who vote against the Scheme, to receive a cash consideration for all of the transferring shares held by him/her at the price of ₦67.50, in lieu of the DCP shares that would have been allotted to him/her pursuant to the scheme.

Any written notice of dissent from any dissenting minority BCC shareholder must be received at the office of the Company Secretary of Dangote Cement not later than 14 (fourteen) days after the Court-Ordered Meeting or within such a time as the Court may direct. In this context, "written notice" (including any letter of appointment, direction or authority) means notice in writing, bearing the original signature(s)(and seal if a corporate body) of the shareholder(s) (as the case may be) or his/her/their agents duly appointed in writing (evidence of whose appointment, in a form reasonably satisfactory to DCP, should be produced with the notice). Telex, electronic mail, facsimile transmission or photocopies will not constitute sufficient written notice.

v) Conditions Precedent

As from the Effective Date, the Scheme shall become binding on all the members of Dangote Cement and BCC if:

a) it is approved by a majority representing not less than three quarters in value of the Ordinary Shares of the members of each company present and voting either in person or by proxy at each of the separate Court ordered Meetings of the shareholders of Dangote Cement and BCC;

b) the SEC approves with or without modification, the terms and conditions of the Scheme, as agreed to by the required majority of the shareholders of the companies; and

c) the Court sanctions the Scheme with orders to the effect that:

i. all assets, liabilities and undertakings, including real property and intellectual property rights of BCC be transferred to Dangote Cement as provided for in the Scheme;
ii. BCC Shareholders are issued, allotted and credited as fully paid 494,019,668 Ordinary Shares of Dangote Cement as provided for in the Scheme;
iii. The existing contracts and agreements to which BCC is a party be transferred to Dangote Cement;
iv. all pending legal proceedings, claims and litigation, instituted by or against BCC be continued by or against Dangote Cement after the Effective Date;
v. the entire share capital of BCC be cancelled; and
vi. BCC be dissolved without being wound up.

B. ELEMENTS OF THE SCHEME

a) Rationale for the Merger

The Merger was conceived to increase value generation through the streamlining of the management, operation and processes of both companies, thereby leveraging positive economies of scale in purchasing and manufacturing, and unifying the companies' distribution and sales strategies. The directors of DCP and BCC are of the opinion that significant cost and revenue synergies will accrue from the proposed merger to create additional value to the shareholders of both companies.

b) <u>Benefits/Effects of the Merger</u>

The Boards and senior management of Dangote Cement and BCC believe that the merger will provide a number of strategic opportunities and benefits to their respective shareholders, employees, and customers as well as the larger economy, including the following:

- **Better access to financing**
  The enlarged DCP will have a bigger balance sheet and a larger collection of high quality assets that can potentially be pledged as collateral to lenders. This should result in financing costs that may be lower than those obtainable for each of the merging companies.

- **Operational efficiencies**
  The merger will result in greater operational integration between DCP and BCC and make the consolidation of their supply and distribution chains more effective. Following the merger BCC and DCP will be able to share facilities, inventory and other resources without having to track and reconcile cumbersome inter-company balances. BCC shareholders would also benefit from the superior production technology of DCP and this will yield significant administrative cost savings.

- **Improved organisational efficiencies**
  The post-merger entity will incur only a single set of expenses such as Annual General Meetings, Board of Directors and communications to shareholders.

- **Robust Shareholder Value Proposition**
  The Post-Merger Entity will present a robust value proposition for shareholders; and existing BCC shareholders would especially benefit from an expected significant immediate accretion in earnings and net assets per share post merger.

- **Enlarged Cement Production Platform**
  In line with government policy to encourage domestic manufacturing of cement, the post-Merger DCP will present a robust platform to support the government's goals and achieve self-sufficiency in domestic cement production. This will also create more jobs in the cement industry and other support sectors.

c) <u>Plans for Employees and Directors</u>

The Enlarged Dangote Cement will carry on the business of the two merging companies. Thus, as from the Effective Date, all existing contracts of employment of all employees of BCC shall be transferred to Dangote Cement and such employees shall become employees of the Post-Merger Entity. Where any employee of BCC does not wish to continue in the employment of the Post-Merger Entity after the merger, such employee will be entitled to obtain the full terminal benefits based on his/her existing contract of service. The proposed merger is not intended to jeopardise the employment of any employee of Dangote Cement or BCC. On the contrary, by creating a stronger, more efficient, and more profitable organization, it is hoped that the merger will create better opportunities for all employees of the Post-Merger Entity.

It is agreed that the Board of the Post-Merger Entity shall be largely representative of the respective equity interests of the shareholders of the Enlarged Dangote Cement in addition to independent directors that would be appointed in accordance with the Code of Corporate Governance applicable to public companies under Nigerian law.

d) <u>Capital Gains Tax</u>

Further to Section 30(1) and 32 of the Capital Gains Tax Act, C1 LFN 2004 ("CGT Act"),which specifically exempts from capital gains tax any gains arising from the acquisition of the shares of a company merging with another company where the consideration given is shares and also where one of the merging entities loses its identity, any capital gains resulting from this Scheme of Merger will not be subject to taxation.

e) Tax Liability of Dissenting shareholders

Any BCC Shareholder who votes against the Scheme and in addition elects in writing to receive cash consideration, may be liable to capital gains tax since the tax exemption provided in Section 32 of the CGT Act does not apply to shareholders who receive cash consideration in a merger such as this scheme.

If you are in doubt as to your tax liabilities under the Scheme, you may wish to consult your professional advisers for guidance.

f) Meetings to Approve the Scheme and Voting Rights

Separate meetings of the shareholders of the two companies will be convened by Order of the Court for the purpose of considering and if thought fit, approving the Scheme.

At the Court Ordered Meetings, voting on the resolution relating to the approval of the Scheme will be by poll. Each shareholder present in person or by proxy will be entitled to one vote for every ordinary share held. The statutory majority required to pass these resolutions at these Court Ordered Meetings is a majority representing not less than three-quarters ($^3/_4$) in value of the shares of members present and voting either in person or by proxy. Notices of the Court Ordered Meetings are set out on Pages 92 to **Error! Bookmark not defined.** of this document.

g) Actions to be Taken

The appropriate proxy form for the Court Ordered Meetings being conducted by each of your companies is enclosed. If you are unable to attend the meeting of your company in person, you are requested to complete the proxy form in accordance with the instructions thereon and return it as soon as possible to your respective Company Secretary/Registrar as applicable. The duly completed proxy form must arrive at the Office of the respective Company Secretary/Registrar not later than 24 Hours before the time appointed for the meeting.

h) Settlement

Upon the Scheme becoming effective, BCC's share certificates as well as BCC shares in CSCS accounts, will cease to be of value and the shares will be delisted from the daily official list of the NSE. Within 21 days after obtaining the Court's sanction of the Scheme, Dangote Cement's Registrars (Afribank Registrars Limited) shall dispatch certificates to or credit the CSCS accounts of, BCC Shareholders (as applicable) with Ordinary Shares in the Enlarged Dangote Cement.

C. FINANCIAL EFFECTS OF THE SCHEME

The financial effects of the Scheme are based on the stand-alone profit forecast of DCP and BCC for the years ending 31st December, 2010 and 2011. The Management of both companies have developed multi-year financial forecasts on a standalone basis with the underlying bases and assumptions shared with the Financial Advisers. After applying the various valuation methodologies agreed for the purpose of the Scheme, the Financial Advisers arrived at a fair consideration as follows:

- BCC Shareholders will receive 1 ordinary share of the Post-Merger Entity for every 2 Ordinary Shares currently held in BCC.

The values of each ordinary share of BCC and DCP as recommended by the Financial Advisers and approved by the Boards of Directors of the Merging Entities are ₦67.50 and ₦135.00 respectively. The resulting valuation will have the following impacts on the shareholders of both companies:

a) Capital Value

Upon the Scheme coming into effect, a holder of two (2) Ordinary Shares of BCC will be entitled to receive one (1) ordinary share of DCP. The market price of BCC shares is ₦62.99, while the price of one (1) ordinary share of DCP as advised by its Financial Advisers is ₦135.00.

Therefore, the monetary value impact based on: a) BCC's market value; b) the above mentioned fair value estimate of DCP shares; and c) the approved share exchange ratio between DCP and BCC, is determined as follows:

Company	**Market Value**
BCC	₦62.99
	Consideration
Each BCC Shareholder will receive 1 Share of DCP, valued at ₦135, for every 2 shares of BCC held	₦135.00
Value of BCC shares given up	₦125.98
Percentage Capital Value Accretion/(Dilution)	**7.16%**

Comment: the analysis in the above table suggests that BCC shareholders stand to realize a 7.16% increase in the valuation of their holdings as a result of the Scheme.

b) Earnings Per Share ("EPS")

Stand Alone EPS Forecast (N)	DCP	BCC
2010	7.85	5.26
2011	16.27	7.36
Post-Merger DCP EPS Forecast	**DCP**	**BCC**
2010	7.67	
2011	16.98	

Analysis:

2010 EPS	DCP	BCC
Forecast earnings on one (1) Ordinary share of Post-Merger DCP at ₦7.67 per share	7.67	7.67
Forecast earnings on one (1) Ordinary share of DCP and two (2) at ₦7.85 and N5.26 per share respectively		
Accretion/(Dilution) in earnings	(0.18)	(2.85)

2010 EPS	DCP	BCC
Forecast earnings on one (1) Ordinary share of Post-Merger DCP at ₦15.98 per share	15.98	15.98
Forecast earnings on one (1) Ordinary share of DCP and two (2) at ₦16.27 and ₦7.36 per share respectively	16.27	14.27
Accretion/(Dilution) in earnings	(0.29)	(1.26)

Comment: As can be seen from the above analysis, the Scheme is expected to be EPS dilutive to both DCP and BCC shareholders in 2010 to the tune of ₦0.18 (-2.29%) and ₦2.85 (-27.09%) respectively. However, the Scheme is expected to become EPS accretive by N1.26 (+8.56%) to BCC shareholders in 2011 while remaining EPS dilutive ₦0.29 (-1.78%) to DCP shareholders. This situation arises from the fact that DCP's major capacity expansion projects would only become earnings accretive from 2011 and BCC shareholders can expect to enjoy further benefits from DCP earnings growth profile there from. Also the post-merger DCP earnings projection is yet to take into account the expected synergies to be derived from the merger.

c) Dividends Per Share ("DPS")

Both companies (i.e. DCP and BCC) have adopted a Dividend Payout Ratio of 75% going forward, with this policy captured in their financial forecasts.

Stand Alone DPC Forecast (N)	DCP	BCC
2010	5.89	3.95
2011	12.20	5.52
Post-Merger DCP DPS Forecast		
2010	5.75	
2011	11.99	

Analysis:

2010 DPS	DCP	BCC
Forecast dividends on one (1) Ordinary Share of post-merger DPC at ₦5.75 per Share	5.75	5.75
Forecast dividends on one (1) Ordinary Share DCP and two(2) at ₦5.89 and ₦3.95 per share respectively	5.89	7.90
Accretion/(Dilution) in earnings	(0.14)	(2.15)

2011 DPS	DCP	BCC
Forecast dividends on one (1) Ordinary Share of post-merger DPC at ₦11.99 per Share	11.99	11.99
Forecast dividends on one(1) Ordinary Share DCP and two(2) at ₦12.20 and ₦5.52 per share respectively	12.20	11.04
Accretion/(Dilution) in earnings	(0.21)	0.95

Comment: As can be seen from the above analysis, the Scheme is expected to dividends dilutive to both DCP and BCC shareholders in 2010 to the tune of ₦0.14 (-1.72%) and ₦2.15 (-27.22%) respectively. However, the Scheme is expected to become dividends accretive by ₦0.95 (+8.61%) to BCC shareholders in 2011 while remaining ₦0.21 dilutive (-1.78%) to DCP shareholders. Both set of shareholders are expect to continue enjoy dividends growth post 2011 taking into account the earnings growth profile of the post-merger DCP and the fact that the prevailing 75% dividend payout ratio would be retained.

D. COMPANY SPECIFIC RISKS AND MITIGATING FACTORS

It is important to note that like any other business combination, a merger between two companies will expose shareholders in both companies to certain risks. While, Dangote Cement's business and growth strategy post merger have been carefully analysed to cushion the effects of these risks and protect shareholders it is not possible to entirely eliminate these risks. Some of the risks associated with this merger have been itemised below:

a) Construction/Completion Risk

Dangote Cement has a number of greenfield and expansion projects under construction with a combined estimated cement production capacity of about 11 million MT of cement due to come on-stream within the next 12 - 14 months. Consequently, this exposes the Post-Merger Entity to significant completion risks that place appreciable risks to achieving the financial projections set out in this Scheme document.

Mitigating Factor(s): *Dangote Industries Limited*: the majority shareholder in Dangote Cement, has demonstrated a good record of delivering on ambitious projects in Nigeria. Furthermore, the Obajana expansion project and the Ibese Greenfield projects are being executed under a turnkey, fixed-price contract by a leading contractor, *Sinoma International Engineering Company* ("Sinoma") of China. Under the contract, Sinoma is liable for penalties if the contractual project completion dates are not met. As at the date of publishing this Scheme document, the Ibese Green Field project was 51% completed and the Obajana Expansion is 80% completed.

b) Gas Supply Risk

Both of Dangote Cement's domestic manufacturing facilities: at Obajana, Kogi State and Ibese, Ogun State have been designed to run primarily on Natural Gas supplies. Hence, security, stability and pricing of Natural Gas is key to achieving the Post-Merger Entity's operating and financial projections.

Mitigating Factor(s): In order to ensure stable gas supply, Dangote Cement has entered into a 20-Year Gas Purchase Agreement (GPA) with the Nigerian Gas Company ("NGC") and constructed a 90-Kilometre gas pipeline bringing Natural Gas into the Obajana plant. The Company is also in the process of finalizing a GPA with the NGC to cover the gas requirements for running the plant currently under construction at Ibese. Furthermore, Dangote Cement has also awarded the contract for building a 25-Kilometre gas pipeline to tap into gas stations at *Itori,* Ogun State.

While Natural Gas is the primary source of energy, Dangote Cement's plants are also designed to run on other fuels such as Low Pour Fuel Oil (LPFO). With storage tanks capable of storing approximately 112 millions litres (sufficient for 45 production days across the group) of LPFO currently installed at the manufacturing plants to serve as backup for gas supplies. Additionally the Dangote Cement group has a storage capacity of 25 Million litres of Diesel (HSD) for plant use. Furthermore, plans are currently at advanced stages to introduce coal as an additional fuel source for powering its cement kilns from 2011.

E. INFORMATION REGARDING DANGOTE CEMENT PLC (FORMERLY OBAJANA CEMENT COMPANY PLC)

(a) Profile and Share Capital History

Dangote Cement was incorporated as a public limited liability company on 4 November, 1992. The company recently changed its name from Obajana Cement Plc to Dangote Cement. The company is a subsidiary of DIL with a shareholding of 99.14%. The company was established to operate plant(s) 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, Nigeria and it commenced operations in January, 2007. The Company's plant at Obajana is the largest in Sub-Saharan Africa.

Dangote Cement has an authorised share capital of ₦10,000,000,000 divided into 20,000,000,000 Ordinary Shares of 50 kobo each

(b) Operating Facilities

Dangote Cement operates multiple domestic cement manufacturing and bulk import terminal operations across Nigeria through which it services its customers all over the country. Key facilities of the Company include:

- **Obajana Cement Plant**: this is the Company's flagship plant located at Obajana in Kogi State. The plant consists of two (2) production lines with annual production capacity of 2.5 million MT each for a combined five (5) million MT plant capacity. A third 5 million MT production line is currently under construction and is scheduled for completion by July, 2011. The Obajana plant is highly energy efficient and utilises Natural Gas as the primary fuel source for firing the kiln and powering the plant. The plant is also located next to limestone deposits that are sufficient to sustain the plant for another 75 years and its energy needs are met by a 145 megawatts (MW) electric power generating plant.
- **Ibese Cement Plant**: is a green field plant being constructed at Ibese, Ogun State. The plant consists of two 3 million MT annual capacity production lines making for a combined Six (6) Million MT per annum capacity plant, with Line 1 scheduled for completion by January, 2011 and Line 2 expected in February, 2011. A Natural Gas pipeline linking the plant to gas supplies from NGC is currently under construction and is scheduled to be completed before the plant's commissioning in January, 2011.

- **Dangote BAIL Cement Terminals**: is responsible for implementing the Company's bulk cement importation strategy in the South-South and South-Eastern parts of the country. It operates two (2) bulk cement terminals at Port-Harcourt and Onne respectively with a combined annual bagging capacity of three (3) million MT of cement. This operation, combined with the Lagos cement terminals, helps DCP complement its domestic manufacturing output with imports particularly during peak demand periods.
- **Lagos Cement Terminals**: consists of three (3) terminals: *Apapa, Aliko and Tincan*, strategically located to bag imported bulk cement and is a key part of the Company's product supply strategy for Lagos and South-Western Nigeria. Combined annual bagging capacity is also approximately 3 million MT of cement.

(c) Product Lines

Presently, Dangote Cement's only product is Portland Cement, which is sold in:

- Fifty (50) Kilogramme cement bags;
- Jumbo bags; and
- Bulk tankers.

(d) Subsidiaries and Related Companies

As at 30 June 2010, the company had the following subsidiaries:

SUBSIDIARIES	PERCENTAGE HOLDING
Benue Cement Company Plc	74.8%
Dangote BAIL Limited	99.9%
DCW Limited	99.0%

*An Internal restructuring involving Dangote Cement, Dangote Bail and DCW is currently on-going. Further to this, Dangote Bail and DCW will become divisions of Dangote Cement. It is expected that the internal restructuring will be concluded prior to the Court-Ordered Meeting to approve the scheme of merger between Dangote Cement and Benue Cement.

(e) Profit Forecast of Dangote Cement

(Extracts of the Reporting Accountants Report):

The profit forecast set out below does not take into account the proposed merger between Dangote Cement and BCC:

	2010	2011	2012
	N'000	**N'000**	**N'000**
Turnover	225,878,619	397,954,678	510,820,418
Cost of sales	(98,623,398)	(142,475,655)	(172,419,152)
Gross profit	127,255,221	255,479,023	338,401,266
Operating expenses	(4,900,117)	(5,581,604)	(5,939,796)
Operating profit	122,355,104	249,897,419	332,461,470
Interest (expense)/Income	(993,121)	(456,195)	(1,175,815)
Profit before taxation	**121,361,983**	**249,441,224**	**331,285,655**
Taxation	(2,568,575)	(1,828,437)	(9,499,992)
Profit after taxation	**118,793,408**	**247,612,787**	**321,785,663**
Minority Interest	(1,045,599)	(3,626,281)	(5,198,909)
Profit attributable to Group Shareholders	**117,747,809**	**243,986,506**	**316,586,754**
Proposed Dividend	(88,310,858)	(182,989,880)	(237,440,065)
Retained earnings	**29,436,951**	**60,996,626**	**79,146,689**
Earnings per share ("EPS")	₦7.85k	₦16.27k	₦21.11k
Dividend per share ("DPS")	₦5.89k	₦12.20k	₦15.83k

* EPS & DPS were calculated based on issued and fully paid 15,000,000,000 Ordinary Shares over the forecast period.

F. INFORMATION REGARDING BENUE CEMENT COMPANY PLC

(a) Profile and Share Capital History

BCC was incorporated as a private limited liability company on 16 July 1975 and commenced business on 15 August 1980. BCC was listed on The NSE on 08 April 1991. DIL became a core investor in BCC in 2000 by acquiring the Federal Government of Nigeria's 35% equity stake and took over management control in January 2004.

The Company's initial authorised share capital was ₦2,000 comprising 2,000 Ordinary Shares of ₦1 each. The shares were subdivided into 50 kobo Ordinary Shares on 29 June 1990. The authorised share capital of the company is currently ₦2.5 billion comprising 5 billion Ordinary Shares of 50 Kobo each, of which 3,915,527,344 Ordinary Shares have been issued and fully paid.

(b) Product Lines

BCC's only product is Portland Cement, which is sold in:

- Fifty (50) Kilogramme cement bags;
- Jumbo bags; and
- Bulk tankers.

(c) Subsidiaries and Related Companies

BCC's only subsidiary is Benue Cement Company Lions Football Limited ("BCCLF"). BCC has no associated company.

BCCLF was incorporated on 18 April 1991 with RC No. 162618. The objects of BCCLF is to engage in the business of running a professional football outfit(s) and to organize, run and manage other games and sports or similar entertainment business on commercial basis. BCCLF's Share Capital at incorporation was ₦1,000,000.00 divided into 1,000,000 Ordinary Shares of ₦1.00 each. The Company is wholly owned by BCC.

(d) Profit Forecast of BCC

(Extracts of the Reporting Accountants Report):

The profit forecast set out below does not take into account the proposed merger between Dangote Cement and BCC

	2010	2011	2012
	₦'000	**₦'000**	**₦'000**
Turnover	53,785,476	71,666,667	85,714,286
Cost of sales	(26,624,322)	(36,300,438)	(44,741,820)
Gross profit	**27,161,154**	**35,366,229**	**40,972,466**
Operating expenses	(5,561,972)	(6,082,695)	(6,620,320)
Operating profit	**21,599,182**	**29,283,534**	**34,352,146**
Interest expense	(993,121)	(456,195)	(152,065)
Profit before tax	**20,606,061**	**28,827,339**	**34,200,081**
Tax	-	-	(8,354,500)
Profit after tax	**20,606,061**	**28,827,339**	**25,845,581**
Proposed dividend	(15,454,546)	(21,620,504)	(19,384,186)
Retained earnings for the year	5,151,515	7,206,835	6,461,395
Earnings per share (EPS)*	526k	736k	660k
Dividend per share (DPS)*	395k	552k	495k

* EPS & DPS were calculated based on issued and fully paid 3,915,527,344 Ordinary Shares over the forecast period.

G. FURTHER INFORMATION

The following documents are contained within this Document:

The Scheme of Merger on pages 29 to 32 ; and

Notices of Court Ordered Meetings on pages 92 to **Error! Bookmark not defined.**.

Your attention is also drawn to the following information contained in the appendices to this document:

Appendix I: Information regarding DCP and reports relating to its profit forecast on Pages 33 to 60

Appendix II: Information regarding BCC and reports relating to its profit forecast on Pages 61 to 85

Appendix III: Pro-forma statement of shareholding, Profit & Loss Accounts and Balance Sheet of the new Dangote Cement on pages 86 to 88

Appendix IV: Statutory and General Information on Page 89 to 91

H. RECOMMENDATION

The boards of Dangote Cement and BCC have considered the terms and conditions of the Scheme, as well as the benefits thereof and have recommended that you vote in its favour. We also believe the terms of the Scheme are fair and that the proposed merger should result in enhanced value to shareholders of both Companies. We therefore recommend that you vote in favour of the sub-joined resolutions which will be proposed at your respective Court Ordered Meetings.

Yours faithfully,

CHUKA ESEKA
Managing Director/CEO
Vetiva Capital Management Limited

CHRIS NEWSON
Managing Director
Stanbic IBTC Bank Plc

IKE CHIOKE
Managing Director
Afrinvest (West Africa) Limited

BASIS OF VALUATION AND EXCHANGE RATIO

A. BACKGROUND

The merging companies: DCP and BCC, are both pure-play cement businesses without any significant aggregates business mix. However, while BCC is solely engaged in the manufacturing and distribution of cement, DCP also has significant bulk cement importation and bagging operations with interests in two (2) loading terminals.

Significant differences also exist between both companies' growth prospects and capacity expansion projects. DCP has a substantial portfolio of greenfield and expansion projects that are expected to come on-stream within the next twelve (12) months and become accretive to the post-merger DCP's revenue stream. However, BCC has indicated no major expansion project except for standard performance improvement projects at its cement production plant located at Gboko, Benue State. DCP currently has 5 Million MT/annum of cement production capacity already in place with an additional 11 Million MT/annum of production expected to be added in the next 12-14 months, in addition to three (3) cement bagging terminals across the country. BCC's Gboko plant has an installed production capacity of 2.8 Million MT/annum of cement.

In addition, the production economics also differ for both companies as Natural Gas is the primary energy source for DCP's plants while BCC's plant relies on Low Pour Fuel Oil ("LPFO"). DCP's use of gas (a cheaper fuel) results in Fuel Cost/MT of cement produced that is only 56% of BCC's Fuel Cost/MT of Cement.

Given that DCP is the majority shareholder of BCC, with a 74.77% stake, a valuation for DCP must therefore incorporate both the values of BCC's operating businesses and the value of its stake in BCC. Kindly note that the Share Exchange ratios in this document are quoted in terms of the number of BCC shares that will be given up in exchange for 1 DCP share.

B. BASIS AND ASSUMPTIONS

- The valuation date was Tuesday, 27 July, 2010
- The issued and fully paid up share capital of DCP currently stands at ₦7,500,000,000 comprising 15,000,000,000 Ordinary Shares of 50 Kobo each. The issued and fully paid up share capital of BCC currently stands at ₦1,957,763,672 comprising 3,915,527,344 Ordinary Shares of 50 Kobo each
- The closing price of BCC shares on The Nigerian Stock Exchange as at the date of the valuation was ₦62.99.

C. VALUATION PROCESS AND METHODOLOGIES

In accordance with global best practices in investment banking, Vetiva, Afrinvest and Stanbic IBTC evaluated various valuation methodologies for estimating fair values of BCC and DCP's Ordinary Shares. Consequently, the Financial Advisers evaluated the under-listed, globally accepted equity valuation approaches:

- *Trading Multiples* comparable valuation approach;
    a. *Price-to-Earnings ("PE") Multiple* Valuation; and
    b. *Enterprise Value ("EV") to EBITDA*[2] Multiple Valuation.
- *Precedent Transaction* Valuation approach;
- *Historical Market Trading* Analysis Valuation approach; and
- *Discounted Free-cash Flow ("DCF:) valuation approach.*

i. Trading Multiples comparable valuation

The *PE Multiple* valuation approach estimates the fair value of BCC and DCP's Ordinary Shares by applying an average of the PE multiples at which companies comparable to BCC and DCP are trading (on organized exchanges) to both companies' trailing and/or forecast EPS.

[2] EBITDA – Earnings Before Interest, Taxation, Depreciation and Amortization

EV/EBITDA Multiple approach estimates the Enterprise Value (i.e. sum of equity and long term debt) by applying an average market-determined multiple to the Companies' trailing and/or forecast EBITDA/share estimates. Long term debt is subsequently deducted from Enterprise Value to obtain the fair value of the Companies' shares.
We explored two (2) broad comparable company universe: a) cement companies listed on the NSE and b) cement companies operating in emerging market economies such as India, Egypt etc, which have similar growth prospects to Nigeria.

However, while *Trading Multiples* approach is a recognised standard methodology for valuing merging companies, the Financial Advisers are of the opinion that this approach is not suitable for the purpose of this merger due to: (i) the fact that DCP has significant production and installed capacity expansion projects coming on-stream within the next 12 months; and (ii) the absence of a truly close comparable to DCP either domestically (as a result of massive differences in size and operating efficiencies) or internationally (DCP is a pure-play cement entity engaged in cement production and bagging, whereas most of the identified international comparables have a significant level of aggregates in their product mix)

ii. <u>Precedent Transaction valuation</u>

This approach produces an equity valuation estimate that is based on the multiples (e.g. EBITDA, EPS multiple etc) at which similar transactions had been consummated in the past. The Financial Advisers reviewed the multiples at which various Mergers and Acquisitions ("M&A") transactions involving cement companies operating in developed and emerging market economies had been concluded. For each transaction, we identified: a) the valuation as a multiple of EBITDA; b) valuation as a multiple of EPS and c) valuation as a multiple of installed cement production capacity.

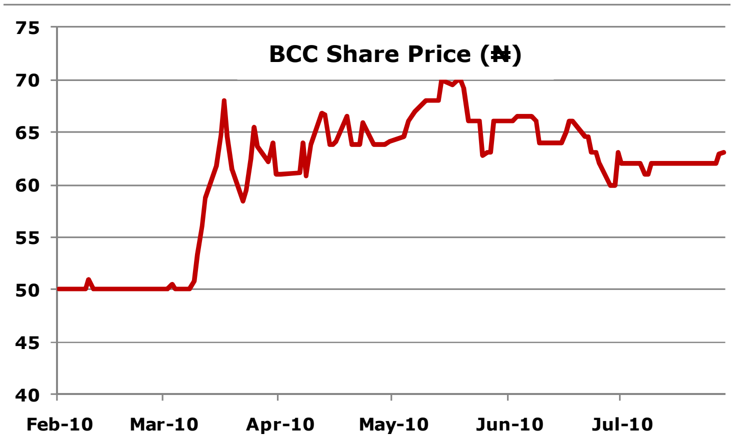
Upon concluding the review, the Financial Advisers are of the opinion that this approach is not suitable for the purpose of this merger because: (i) the prevailing market conditions underlying the identified precedent transactions are significantly different from the current environment; (ii) most involved the acquisition of a majority stake in the target entity, which is not the case with DCP and BCC; (iii) in addition the transactions occurred in low growth developed markets of Europe and North America which ignores the growth and demand-supply dynamics of the Nigerian cement market; and (iv) most M&A transactions in the cement industry globally involve companies with significant aggregates in their business mix in addition to cement production.

<u>Following from the above, the Financial Advisers resolved to base their fair value and share exchange ratio recommendations on the Historical Market Trading Analysis and DCF valuation approaches.</u>

iii. <u>Historical Market Trading valuation</u>

BCC is listed on the Nigerian Stock Exchange ("the NSE") with its shares being actively traded and followed by equity research analysts covering the Cement and Building Materials sector. The Financial Advisers are of the opinion that BCC's share price largely represents a market-determined benchmark for the fair value of the company's Ordinary Shares.

Benue Cement Company Plc ("BCC") – Six (6) Month Trading History



Key Statistics:

Closing Share Price: **₦62.99**

30-Day average Price: **₦62.41**

60-Day average Price: **₦64.33**

90-Day average Price: **₦64.02**

The table above shows the trading pattern of BCC's shares on the NSE, with 30-Day, 60-Day and 90-Day average closing prices of ₦62.41, ₦64.33 and ₦64.02. The Financial Advisers resolved that the above prices should serve as a general guide to ascertain the reasonableness of fair value estimates obtained from theoretical valuation models such as the DCF.

iv. Discounted Free Cash flow ("DCF") Valuation

The Financial Advisers conducted DCF valuation analysis for both DCP and BCC using five (5) year financial projections prepared by management of both companies. The Financial Advisers then made certain assumptions, in line with global best practices, regarding the appropriate discount rates and terminal growth multiples for each company to obtain a range of fair value estimates for each company.

Consequently, following from the analysis described above we obtained a fair value range of ₦59.76 - ₦75.06 for each BCC share and a value range of ₦120.39 - ₦155.56 for each DCP share. This translates to a share exchange ratio range of 2.01 - 2.07 for the low and high share prices of DCP and BCC respectively. However, the base case valuations for DCP and BCC are ₦134.44 and ₦65.35 respectively, which indicates a share exchange ratio of 2.06.

D. VALUATION SUMMARY & DERIVED SHARE EXCHANGE RATIOS

In conclusion, having evaluated the underlying assumptions, strengths and potential drawbacks of each of the valuation approaches described above, the Financial Advisers have decided on adopting the DCF as the approach of choice. This is because the DCF is: a) more appropriate for valuing high growth companies such as BCC and DCP and b) enable the Financial Advisers ascribe fair values to DCP's significant Greenfield and expansion projects which a transaction multiple approach will ascribe zero value to because they are yet to be earnings-accretive to DCP.

Consequently, the Financial Advisers jointly recommended fair value estimates of ₦67.50 and ₦135.00 for BCC and DCP respectively, resulting in a recommended *Share Exchange Ratio of 2 BCC shares for every 1 DCP share*. This ratio was approved at separate meetings of the Boards of Directors of BCC and DCP held on 26, July 2010. This exchange ratio values BCC at a 7.16% premium to the closing share price of ₦62.99 on 27 July, 2010.

SCHEME OF MERGER

PURSUANT TO PART XII OF THE INVESTMENTS & SECURITIES ACT NO 29 OF 2007

BETWEEN

1. **Dangote Cement Plc** (RC 208767) and
   The Holders Of Its Fully Paid Ordinary Shares Of ₦0.50 Kobo Each

2. **Benue Cement Company Plc** (RC15545) and
   The Holders Of Its Fully Paid Ordinary Shares Of ₦0.50 Kobo Each

PRELIMINARY

A. In this Scheme, as hereinafter defined, the following expressions have the following meanings where the context so admits:

i) "Business day" means any day other than a Saturday, Sunday or official public holiday in Nigeria

ii) "BCC" or "Transferring Company" means Benue Cement Company Plc

iii) "CAC" means the Corporate Affairs Commission

iv) "Court" means the Federal High Court of the Federal Republic of Nigeria

v) "Court-Ordered Meeting" means the separate meetings of the shareholders of DCP, and BCC convened by the Order of the Court pursuant to **Sections 121 (4), and 126, of the ISA,** notices of which are set out on pages 92 to **Error! Bookmark not defined.**

vi) "CSCS" means the Central Securities Clearing Systems Limited

vii) "Effective Date" means the date on which the Court sanctions the Scheme

viii) "Existing Shareholders" means the shareholders whose names appear on the Register of Members of Dangote Cement and BCC on the Terminal Date

ix) "Explanatory Statement" means the statement issued by the Financial Advisers to Dangote Cement, and BCC for the purpose of explaining the terms, conditions and effects of the Scheme and set out in the Scheme Document

x) "ISA" means the Investments and Securities Act No 29 of 2007

xi) "Dangote Cement" means Dangote Cement Plc

xii) "Scheme" means the proposed Scheme of Merger Pursuant to Part XII of the ISA , between Dangote Cement and BCC and the holders of their respective fully paid Ordinary Shares

xiii) "Scheme Document" means the bound document containing the Explanatory Statement, the Scheme of Merger, the Notices of Shareholders' Meetings and the various Appendices therein

xiv) "SEC" means the Securities & Exchange Commission

xv) "Terminal Date" means the business day immediately preceding the Effective Date

xvi) "The NSE" means The Nigerian Stock Exchange

xvii) "Transferring Shares" means the Ordinary Shares which constitute the entire issued share capital of BCC (expect the shares held by DCP)

B. The authorised share capital of Dangote Cement is ₦10,000,000,000 comprising 20,000,000,000 Ordinary Shares of 50 Kobo each, out of which ₦7,500,000,000 comprising of 15,000,000,000 Ordinary Shares, have been issued and fully paid up

C. The authorised share capital of BCC is ₦2,500,000,000 (Two Billion Five Hundred Million) comprising 5,000,000,000 (Five Billion) Ordinary Shares of 50 Kobo each, out of which ₦1,957,763,672 comprising 3,915,527,344 Ordinary Shares have been issued and fully paid up.

D. By a Board Resolution dated 07, December 2009, the Directors of DCP resolved to propose to the shareholders of the company that DCP be merged with BCC by way of a Scheme of Merger on the terms and conditions set forth in the Scheme, and to this end, also proposed that the necessary resolutions required by law to carry the Scheme into effect be passed by the shareholders of DCP at a Court Ordered Meeting.

E. By a Board Resolution dated 26, October 2009, the Directors of BCC resolved to propose to the shareholders of the company that BCC be merged with DCP by way of a Scheme of Merger on the terms and conditions set forth in the Scheme, and to this end, also proposed that the necessary resolutions required by law to carry the Scheme into effect be passed by the shareholders of BCC at a Court Ordered Meeting.

THE SCHEME

1. **TRANSFER OF ASSETS, LIABILITIES, AND UNDERTAKINGS**
Subject to this Scheme being approved by SEC and sanctioned by the Court, BCC shall transfer all its assets, liabilities and undertakings, including real properties and intellectual property rights to DCP upon the terms and subject to the conditions set out in this Scheme.

2. **CANCELLATION OF SHARE CAPITAL**
The entire share capital of the Transferring Company shall be cancelled.

3. **ISSUE AND ALLOTMENT OF NEW DANGOTE CEMENT SHARES**

3.1 In consideration of the transfers mentioned in Clause 1 and the cancellation of the entire share capital of BCC, DCP shall issue, allot, register and credit as fully paid to BCC shareholders, 1 ordinary share of 50 kobo each for every 2 BCC shares held as at the close of business on the Terminal Date.

3.2 The new Ordinary Shares of DCP allotted pursuant to the foregoing sub-clause 3.1 shall for the purpose of any dividends, bonus issues and other distributions declared after the Effective Date and in all other respects, rank pari passu and form a single class with the Ordinary Shares in the present issued share capital of DCP.

3.3 Any holder of the Transferring Shares who votes against the Scheme and in addition elects in writing to receive a cash consideration shall, instead of receiving DCP shares pursuant to the foregoing sub-clauses 3.1 and 3.2, be paid cash for all of the Transferring Shares held by him/her at the price of ₦67.50 per share in lieu of the DCP shares that would have been allotted to him/her pursuant to the Scheme.

3.4 The written notice required pursuant to the foregoing sub-clause 3.3 must be received by DCP Company Secretary within fourteen (14) days of the Court Ordered Meeting or within such time as the Court may direct.

4. **CONSEQUENCE OF THE SCHEME**

4.1 As from and including the Effective Date; the share certificates of the Transferring Company shall be cancelled and cease to be of value;

4.2 CSCS shall be instructed to cancel all entitlements to the Transferring Shares held in the electronic depository with the CSCS as at the effective date;

4.3 Certificate(s) for the Ordinary Shares of DCP to which the certificated holders of the Transferring Shares are entitled under the Scheme shall be issued to such holders as are entitled;

4.4 New DCP shares to which holders of dematerialised Transferring Shares are entitled will be settled by delivering through CSCS to the relevant account of the holder in CSCS, the number of DCP shares to which the holder is entitled. The account credited must bear the same participant ID and member account as the holder of the dematerialised Transferring Shares.

4.5 BCC's shares will be de-listed from the NSE.

4.6 DCP shares including the shares issued and allotted to the holders of the transferring shares, will be listed on the NSE

4.7 The Transferring Company shall be dissolved without being wound up.

4.8 Without prejudice to the foregoing sub-clause 4.1, DCP shall not later than twenty-one (21) days after the registration of the new DCP shares with SEC:

4.8.1 Deliver share certificates in respect of the certificated DCP shares due under sub-clauses 3.1 to the holders entitled thereto whose names appear in the Register of Shareholders of the Transferring Company at the close of business on the Terminal Date.

4.8.2 Instruct the CSCS to credit the relevant investors' account for the dematerialised DCP shares due under sub-clauses 3.1 and 3.2 to the holders entitled thereto. The account credited must bear the same name and CSCS number of the holder of the dematerialised Transferring Shares. A statement of entitlement detailing the number of DCP shares credited to the investor's account in CSCS will be dispatched to such holders.

4.9 All deliveries of share certificates, statements of entitlement, warrants and cheques required under this Scheme shall be made by post in pre-paid registered envelopes addressed to the persons entitled thereto at the addresses appearing in the Register of Shareholders of the Transferring Company at the close of business on the Terminal Date or in case of joint holders, to the address of one of the joint holders whose name stands first in such Register in respect of the joint holding at such close of business as aforesaid.

5. EMPLOYEES

The proposed scheme is not intended to jeopardize the employment of any employee of DCP and BCC. On the contrary, the proposed scheme will enhance the prospects for employees of BCC in DCP as a result of the strengthened market position and growth prospects of the company, providing greater potential for staff and management development in general.

6. CONDITIONS PRECEDENT

The Scheme is conditional upon:

6.1 its ratification by a majority representing three-fourths in value of the holders of the shares of the Transferring company and DCP present and voting either in person or by proxy at the separate meetings of the shareholders of the Transferring Company and DCP to be convened by the Order of the Court;

6.2 SEC approving the terms and conditions of the Scheme as agreed to by the majority of the shareholders of the Transferring Company and DCP;

6.3 the Court sanctioning the Scheme with orders to the effect that:-

6.3.1 All the assets, liabilities and undertakings, including real properties and intellectual property rights of the Transferring Company be transferred to DCP as provided in the Scheme without any act or deed;

6.3.2 DCP shares be issued and allotted and credited as fully paid to the holders of the Transferring Shares on the basis of 1 new DCP share for every 2 Transferring shares held;

6.3.3 The entire share capital of the Transferring Company be cancelled;

6.3.4 The contracts of employment of all employees and officers as well as all other contracts involving the Transferring Company be transferred to DCP;

6.3.5 All legal proceedings, claims and litigation, pending by or against the Transferring Company be continued by or against DCP after the Scheme; and

6.3.6 The Transferring Company be dissolved without being wound up.

7. **EFFECTIVENESS**

7.1 Without prejudice to the generality of Clause 6 above, this Scheme shall become effective on the day on which the Court sanctions the Scheme.

7.2 A certified copy of the Order sanctioning this Scheme shall for all legal purposes be deemed to be the contract conferring title on DCP in respect of the assets of the Transferring Company transferred to it in accordance with the Scheme without further act or deed.

8. **MANDATES**

Each mandate in force at the Effective Date relating to any payment of dividends on Transferring Shares and each instruction then in force as to notices and other communications shall, unless and until varied or revoked, be deemed as from the Effective Date to be a valid and effective mandate or instruction to/by DCP in relation to the corresponding new DCP Shares to be allotted and issued pursuant to this Scheme provided that for the holders of Transferring shares who vote against the scheme and elect to receive cash consideration, the mandate shall be effective in relation to the Transferring Shares held as at the Terminal Date.

9. **MODIFICATION**

The Board of Directors of the Transferring Company and DCP are authorized to consent, on behalf of all parties concerned, to any modification of or addition to the Scheme which SEC and/or the Court may deem fit to approve or to any condition which the Court may impose.

Dated this Tuesday, 24 August 2010.

APPENDIX I – FURTHER INFORMATION ON DANGOTE CEMENT PLC

A. BACKGROUND INFORMATION

1. INCORPORATION AND SHARE CAPITAL HISTORY

Dangote Cement was incorporated as a public limited liability company on 4 November, 1992. The company is a subsidiary of DIL with a shareholding of 99.14%. The company was established to operate plant(s) 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 it commenced operations in January, 2007.

The changes in the share capital of the Company since incorporation are summarised below:

Date	Authorized		Issued and Fully Paid		Consideration /Remark
	Increase	**Cumulative**	**Increase**	**Cumulative**	**Cash/Bonus**
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

2. BENEFICIAL OWNERSHIP

As at 28, July 2010 the 15,000,000,000 Ordinary Shares of 50 Kobo each in the issued ordinary share capital of Dangote Cement were beneficially held as follows:

Shareholder	Ordinary Shares Held	%
Dangote Industries Limited	14,870,726,310	99.14%
Other Investors	129,273,690	0.86%
Total	**15,000,000,000**	**100.00%**

Except as stated above, no shareholder holds more than 5% of the issued share capital of the Company

3. DIRECTORS' INTERESTS

The interests of the Directors of Dangote Cement in the issued share capital of the company as recorded in the Register of Directors shareholding as at 28, July 2010 and as notified by them for the purpose of Section 275 (1) of the CAMA are as follows:

	Name	Direct Holding	Indirect Holding	Total	%
1.	Alhaji Aliko Dangote	450,000	Nil	450,000	0.003%
2.	Mr. Jagat Rathee	Nil	Nil	Nil	Nil
3.	Alhaji Sani Dangote	Nil	Nil	Nil	Nil
4.	Mr. Olakunle Alake	Nil	Nil	Nil	Nil
5.	Alhaji Abdu Dantata	Nil	Nil	Nil	Nil
6.	Mr. Devakumar Edwin	Nil	Nil	Nil	Nil
7.	Alhaji Sada Ladan – Baki	300,000	Nil	300,000	0.002%
8.	Mr. Festus Odimegwu	Nil	Nil	Nil	Nil
9.	Alhaji Tajudeen Sijuade	Nil	Nil	Nil	Nil
10.	Mr. Knut Ulvmoen	Nil	Nil	Nil	Nil

**All Directors on the Board of DCP (except Mr. Festus Odimegwu) represent the interest of Dangote Industries Limited.*

4. INDEBTEDNESS

As at 31, December 2009 the total indebtedness of Dangote Cement was ₦64,409,066,000

5. SUBSIDIARIES, ASSOCIATED COMPANIES & EQUITY INVESTMENTS

As at 30, June 2010, the company had the following subsidiaries:

SUBSIDIARIES	PERCENTAGE HOLDING
Benue Cement Company Plc	74.8%
Dangote BAIL Limited	99.9%
DCW Limited	99.0%

*An Internal restructuring involving Dangote Cement, Dangote Bail and DCW is currently on-going. Further to this, Dangote Bail and DCW will become divisions of Dangote Cement. It is expected that the internal restructuring will be concluded prior to the Court-Ordered Meeting to approve the scheme of merger between Dangote Cement and Benue Cement.

6. EXTRACTS FROM MEMORANDUM & ARTICLES OF ASSOCIATION

MEMORANDUM

Para 3(S) To carry on any other business (whether manufacturing or otherwise which may profitably or usefully be combined with any of the said businesses, which may seem to the company capable of being carried on in connection with or in combination with all the before mentioned objects, or calculated directly or indirectly to enhance the value of or render profitable any of the company's property of rights.

Para 3U(iv) To enter into arrangements for partnership, joint working in business, or for sharing profits, or for amalgamation with any business within the objects of the company-

Para 3 U (ix) To promote corporations, syndications and partnerships-

Para 3 U (x) To sell or otherwise dispose of or deal with the undertaking and all or any of the property of the company for cash, or for stock shares (fully or partly paid) or securities of any other company or for any other consideration.

Para 3 W To do all such other things as are incidental or conducive to the attainment of the above objects or any of them.

ARTICLES OF ASSOCIATION

NOTICE OF GENERAL MEETING

Art 10 Any Annual General Meeting and a meeting called for the passing of a special resolution shall be called by twenty-one days notice in writing at the least, and a meeting for the company other than an annual general meeting or a meeting for the passing of a special resolution, shall be called by fourteen days notice in writing at the least.

The notice shall be exclusive of the day on which it is served or deem to be served and the day for which it is given and shall specify the place, the day, and the hour of meeting and, in case of special business, the general nature of that business shall be given, in a manner if any, as may be prescribed by the company in general meeting to such persons as are, under regulations of the company entitles to receive such notices from the company:

Provided that a meeting of the company shall notwithstanding that it is called by shorter notice than that specified in this regulation, be deemed to have been duly called if it is so agreed:

A. In the case of a meeting called as the Annual General Meetings, by all the members entitled to attend and vote thereat, and

B. In the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting , being a majority together holding not less than 95% in nominal value of the shares giving that right.

Art 11 The accidental omission to give notice of a meeting to or non- receipt of notice of a meeting by any person entitled to receive notice shall not invalidate the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

Art 12 All business shall be deemed special that is transacted at an Extra-ordinary General Meeting, and also all that is transacted at an Annual General Meeting, with the exception of declaring a dividend, the consideration of the accounts, balance sheets, and the report of the Directors and auditors, the election of Directors in the place of those retiring and the appointment of, and the fixing of the remuneration of the auditors.

Art 13 No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business and for the purpose thereof, unless it is otherwise provided, two third of members present and voting in person or by proxy shall be a quorum.

Art 14 If within half an hour from the time appointed for the meeting a quorum is not present the meeting if convened upon the requisition of members shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place, and, if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members of whatever class present shall be a quorum.

Art 15 The Chairman, if any of the Board of Directors shall preside at every General Meeting, but if at any meeting he shall not be presented within fifteen minutes after the time appointed for holding the same or shall be unwilling to act as Chairman, the members present shall choose one from among the Directors present, if all the Directors present decline to take the chair, they shall choose some member present to be chairman of the meeting.

Art 16 At any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded by the Chairman or at least three members entitled to vote at the meeting or by the holders present in person or proxy of at least one-tenth part of the total voting rights of all the members having the right to vote at the meeting or by a member or members holding shares on which aggregate sum has been paid up equal to not less unless a poll is so demanded, a declaration by the chairman that a particular majority , or lost, and an entry to that effect in the minute book of the company shall be conclusive evidence thereof without proof of the number or proportion of the votes in favour of or against such resolution . A proxy need not be a member of the company.

Art 17 Any corporation which is a member of this company, may be resolution of its Directors or other governing body, authorise any person to act as its representative at any meetings of this company or any class of members thereof and such representative shall be entitled to exercise the same powers on behalf of the corporation which he represent as if he had been an individuals shareholders, or including power, when personally present, to vote on a show of hands.

Art 18 Subject to the provisions of the decree, a resolution in writing signed by all the members for the time being entitled to receive notice of and to attend and vote at general meetings (or being corporations by their duty authorised representatives) shall be valid and effectual as if the same had been passed at a general meeting of the company duly convened and held.

Art 19. A proxy may take part in the proceedings of a general meeting as if he were the member whom he represents.

VOTES OF MEMBERS

Art 20 On a show of hands, every member present in person or by proxy shall have one vote. On a poll, every member shall have one vote for each share of which he is the holder.

7. RESOLUTIONS

The following are being proposed as special resolutions:

1. *"That the scheme of the proposed merger dated Tuesday, 24 August 2010 be approved and that the Directors be and are hereby authorised to consent to any modification of the scheme for the proposed merger that the Securities and Exchange Commission and the Federal High Court shall deem fit to impose and approve."*

2. *"That the Directors are hereby authorised to issue, allot and credit as fully paid 1 Ordinary share of 50 Kobo each in Dangote Cement Plc share capital for every 2 Ordinary Shares of Benue Cement Company Plc Shares held as at the close of business on the terminal date."*

3. *"That the Directors are hereby authorised to take all necessary actions to effect the listing of shares of Dangote Cement Plc on the Nigerian Stock Exchange"*

4. *"That the Board of Directors are hereby authorised to take such other actions as may be necessary to give effect to the scheme."*

B. REPORTING ACCOUNTANTS' REPORT FOR DANGOTE CEMENT PLC

The following is a copy of the report of SIAO:

Tuesday, 03 August 2010

THE DIRECTORS
Dangote Cement Plc
Marble House
1 Alfred Rewane Road
Falomo -Ikoyi
Lagos State

and

THE DIRECTORS
Vetiva Capital Management Limited
Plot 266B Kofo Abayomi Street
Victoria Island
Lagos State

THE DIRECTORS
Afrinvest (West Africa) Limited
Foreshore Towers (12th Floor)
2A Osborne Road
Ikoyi
Lagos State

Gentlemen,

REPORTING ACCOUNTANTS' REPORT ON THE AUDITED FINANCIAL STATEMENTS OF DANGOTE CEMENT PLC (FORMERLY OBAJANA CEMENT PLC) FOR THREE YEARS ENDED 31ST DECEMBER 2009

We have reviewed the audited financial statements of Dangote Cement Plc for the three years ended 31st December 2009. The Financial Statements were prepared under the Historical Cost Convention. It is our understanding that this report will be included in the prospectus to be issued in connection with the proposed business combination between Dangote Cement Plc (f*ormerly Obajana Cement Plc*)and Benue Cement Company Plc.

The Financial information was based on the audited financial statements of the Company for the three years ended 31 December, 2009, and has been prepared in accordance with the accounting policies set out on page 37 of this document. The Financial Statements on which the financial information was based are the responsibility of the Directors of the Company who approved their issue. The Directors of the company are responsible for the contents of the prospectus in which this report is included.

Our review of the financial statements has been limited primarily to the working papers of the Joint External Auditors of the Company, Akintola Williams Deloitte and Ahmed Zakari & Co (Chartered Accountants) and enquiries of the Company's personnel and analytical procedures applied to the financial data. We have not performed an audit and thus our assignment provides less assurance than an audit, as such, we are not expressing an audit opinion.

Our review was conducted in accordance with International auditing standards applicable to review engagements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Financial Statements are free of material misstatement. As stated earlier, we have not performed an Audit and, accordingly, we do not express an audit opinion.

In our opinion, the Financial Statements prepared on the basis of accounting policies normally adopted by the Company give a True and Fair View of the state of affairs of Dangote Cement Plc, for each of the years ended December 31st, 2007, 2008 and 2009.

Yours faithfully,
For: **SIAO**

SIAO
SIAO - Accomplish More

GEORGE SADOH, FCA
Director

1. STATEMENT OF ACCOUNTING POLICIES

The following summary of significant accounting policies adopted by the company and its subsidiaries in the preparation of its financial statements:

(a) **Basis of Accounting**
The financial statements have been prepared under the historical cost basis.

(b) **Basis of consolidation**
The consolidated financial statements include the financial statements of the Dangote Cement Plc, its subsidiaries, Dangote Bail Limited and Benue Cement Company Plc made up to 31 December 2009 which is the effective date of acquisition. All intercompany balances and transactions including unrealised intercompany profits are eliminated. The equity and net income attributable to non-controlling interest are shown as separate items in the consolidated financial statements.

(c) **Turnover**
Turnover represents the net invoiced value excluding VAT on goods sold to third parties. Turnover is recognised when goods and services are delivered to the customer.

(d) **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 is reduced to reflect this decline in value.

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

Assets-by-Classification	**Rates (%)**
Freehold Land	Nil
Building	4
Cement Plant	4
Power Plant	4
Motor Vehicles	25
Mobile Plant	20
Furniture & Fittings	20
Tools and Equipment	10
Other plant and machinery	10
IT Hardware	33.33
IT Software	25

(f) **Interest**
Borrowing costs relating to capital expenditure are capitalised in the period in which they are incurred in accordance with the provision of International Accounting Standard No 23. Interest accruing before the item of property, plant and equipment is put to use is added to the cost of the item. Other subsequent interests are expensed.

(g) **Receivables**
Trade and other receivables are stated at their nominal value, reduced by appropriate allowances for irrecoverable amount.

(h) **Inventories**
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.

(i) **Taxation**
Income and education taxes are provided for on taxable and assessable profits respectively at the current statutory rate.

(j) **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.

(k) **Retirement Benefits**

The Group 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 contribution from employees and the group at 7.5% each from employee's relevant emoluments is consistent with the provision of the Pension Reform Act 2004. In addition, full provision is made in the financial statement for liabilities at the balance sheet date in respect to employee terminal gratuities based on current relevant emoluments in line with SAS 8. The associated costs are charged to the profit and loss accounts for the year.

(l) **Foreign Currency Transaction**

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

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

(m) **Provision**

Provision is recognised when the company has a present obligation, whether legal or constructive, as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation in accordance with SAS 23.

(n) **Earnings Per Share**

Earnings per share (EPS) are based on profit after taxation and the number of issued and fully paid Ordinary Shares at the end of each financial year.

(o) **Segment reporting**

The group's business segments that are subject to similar risks and returns are presented by products and geographical locations in accordance with the Statement of Accounting Standard (SAS) 24.

2. PROFIT AND LOSS ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER

FOR THE YEAR ENDED 31 DECEMBER	Notes	Group 2009	Company 2009	Company 2008	Company 2007
		=N=000	=N=000	=N=000	=N=000
Turnover	2	189,620,975	129,797,087	61,906,088	34,595,913
Cost of sales		(105,872,433)	(69,136,138)	(20,035,513)	(13,645,635)
Gross Profit		83,748,542	60,660,949	41,870,575	20,950,278
LESS EXPENSES:					
Administrative expenses		(17,306,046)	(10,096,157)	(9,371,016)	(4,886,746)
Selling and distribution		(116,426)	(116,426)	(99,308)	(105,717)
Operating profit		66,326,070	50,448,366	32,400,251	15,957,815
Other income	3	972,877	902,187	1,038,910	664,581
Interest received		2,520,128	2,330,862	1,833,111	1,767,969
Finance charges		(6,043,204)	(4,171,378)	(8,647,487)	(6,137,490)
Profit on ordinary activities before taxation	4	63,775,871	49,510,037	26,624,785	12,252,875
Taxation	5	(2,383,641)	(2,258,711)	(8,664,675)	(630,766)
		61,392,230	47,251,326	17,960,110	11,622,109
Dividend paid during the year	21	(3,915,382)			
Profit on ordinary activities after taxation transferred	**19**	**57,476,848**	**47,251,326**	**17,960,111**	**11,622,109**
to revenue reserve					
Earning per share(Naira) - Basic		115	95	36	23

3. BALANCE SHEETS

AS AT 31 DECEMBER		Group 2009	Company 2009	Company 2008	Company 2007
		=N=000	=N=000	=N=000	=N=000
ASSETS	**Notes**				
Fixed assets	6	186,393,346	142,388,500	135,621,674	130,518,631
Investment	7	99,050	16,659,134		
Stock	8	13,374,105	10,251,365	5,042,770	2,790,453
Trade Debtors	9	6,825,714	6,038,627	2,923,863	875,984
Other Debtors and Prepayments	10	39,093,319	35,267,394	76,568,666	14,155,585
Due from related companies	28	50,367,110	41,755,054	3,015,436	1,176,121
Deferred expenses		**0**	**0**	**0**	24,268
Short term investments	11	9,452,915	9,452,915	8,283,055	12,649,776
Cash and bank balances		10,733,061	6,240,202	5,264,190	6,291,171
		316,338,620	268,053,191	236,719,652	168,481,989
LIABILITIES:					
Amounts falling due within one year					
Bank overdrafts		3,272,082	3,272,082	6,501,755	5,359,820
Trade creditors		4,714,983	2,922,304	2,411,382	1,878,471
Other creditors	12	30,965,912	18,473,160	9,749,970	8,913,113
Due to related companies	28	34,382,780	24,959,453	7,454,839	920,083
Short term debts	13	14,789,269	14,789,269	71,837,065	15,463,380
Taxation	5	4,347,342	3,068,077	1,336,315	630,766
		92,472,368	67,484,345	99,291,324	33,165,633
Total Assets less liabilities		223,866,252	200,568,846	137,428,328	135,316,356
Deferred taxation	14	(9,474,955)	(8,486,075)	(7,959,126)	**0**
CREDITORS: Amount falling due after more than one year					
Long term debts	13	(49,619,797)	(49,619,797)	(56,889,822)	(77,211,790)
PROVISION FOR LIABILITIES AND CHARGES					
Staff retirement benefits	15	(981,244)	(350,740)	(67,162)	(33,581)
		163,790,256	**142,112,234**	**72,512,218**	**58,070,985**
FINANCED BY:					
Share Capital	16	500,000	500,000	500,000	500,000
Share Premium	17	42,430,000	42,430,000	42,430,000	42,430,000
Revaluation reserve	6.1	985,805	985,805	**0**	**0**
Capital reserve	18	15,556,084	**0**	**0**	**0**
Revenue reserve	18	98,196,429	98,196,429	29,582,218	11,622,109
Foreign exchange revaluation reserve		**0**	**0**	**0**	3,518,876
SHAREHOLDERS' FUND		**157,668,318**	**142,112,234**	**72,512,218**	**58,070,985**
Non-Controlling interest	20	6,121,937	**0**	**0**	**0**
		163,790,255	**142,112,235**	**72,512,218**	**58,070,985**

4. **STATEMENTS OF CASH FLOW**
FOR THE YEAR ENDED 31 DECEMBER

FOR THE YEAR ENDED 31 DECEMBER		Group 2009	Company 2009	Company 2008	Company 2007
CASH FLOWS FROM OPERATING ACTIVITIES	**Note**	**=N=000**	**=N=000**	**=N=000**	**=N=000**
Cash receipts from customers		102,683,366	130,146,163	62,216,874	38,787,908
Payment to suppliers and employees		(155,797,579)	(29,867,856)	(88,998,344)	(7,613,315)
Tax paid	5	(3,436,271)	-		
Value added tax (net)		1,775,685	1,706,744	2,601,860	
Net cash provided by operating activities	22	(54,774,799)	101,985,051	(24,179,610)	31,174,593
CASH FLOWS INVESTING ACTIVITIES					
Interest received		2,520,128	2,330,862	1,833,111	1,767,969
Share capital	16	500,000	**0**	**0**	**0**
Share premium	17	42,430,000	**0**	**0**	**0**
Purchase of investments		(12,166,325)	(16,659,134)	**0**	**0**
Proceed from sale of fixed assets		4,732	3,200	**0**	**0**
Purchase of fixed assets		(16,050,322)	(13,795,125)	(11,593,368)	(12,070,356)
Net cash pprovided by investing activities		17,238,213	(28,120,197)	(9,760,257)	(10,302,387)
CASH FLOWS FROM FINANCING ACTIVITIES					
Finance charges		(6,043,204)	(4,171,378)	(8,647,487)	(6,137,490)
Dividend paid		(3,915,382)			
Repayment of Loans		64,409,066	(64,317,931)	36,051,717	(1,469,213)
Net cash provided by financing activities:		54,450,480	(68,489,309)	27,404,230	(7,606,703)
Net increase/(decrease) in cash and cash equivalent		16,913,894	5,375,545	(6,535,637)	13,265,502
Bank and Cash Balances at 1 January		-	7,045,490	13,581,127	315,625
Net cash and cash equivalent at 31 December	23	**16,913,894**	**12,421,035**	**7,045,490**	**13,581,127**

5. NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

The Company

1.1 Legal form

Dangote Cement Plc (formerly Obajana Cement Plc) was incorporated as a public limited liability company on 4 November, 1992. It commenced operations in January 2007. The company is a subsidiary of Dangote Industries Limited (DIL) which owns 99.95% of its issued share capital. In 2009, the operations of Lagos Cement Terminal, a division of Dangote Industries Limited (DIL) was transferred to Dangote Cement Plc at net assets value.

In December 2009, the Company acquired 74.77% and 99.90% holdings in Benue Cement Company Plc and Dangote Bail Limited respectively.

1.2 Principal activities

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

		Group	Company	Company	Company
2	**Turnover**	**2009**	**2009**	**2008**	**2007**
	Turnover represents the net amount of goods invoiced	**=N=000**	**=N=000**	**=N=000**	**=N=000**
	to customers within Nigeria				
	Analysis by operation:				
	Cement	**189,620,975**	**129,797,087**	**61,906,088**	**34,595,913**
3	**Other Income**				
	Exchange gain	-	-	167,110	-
	Duty rebate	11,800	11,800	-	-
	Insurance claims	62,781	54,634	149,340	17,125
	Provision no longer required	708,131	700,471	-	-
	Gains from haulage	26,683	-	152,378	534,689
	Profit on disposal of fixed assets	1,245	-	-	-
	Miscellaneous	162,237	135,282	570,082	112,767
		972,877	**902,187**	**1,038,910**	**664,581**

Provision no longer required relates to provision made in previous years on related party transaction and other accrued expenses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (Cont'd)

		Group	Company	Company	Company
4	**Profit before taxation**	**2009**	**2009**	**2008**	**2007**
	Profit before taxation is arrived at after charging/(crediting):	**=N=000**	**=N=000**	**=N=000**	**=N=000**
	Directors' emoluments	102,273	55,034	9,203	3,238
	Staff costs	-	-	-	1,253,331
	Depreciation	11,527,269	7,763,735	5,981,760	5,462,300
	Audit fee	85,000	62,000	43,000	35,000
	Interest income	(2,520,128)	(2,330,862)	(1,833,111)	(1,767,969)
	Exchange gain/(loss)	1,137,159	1,140,313	(167,110)	-
	Finance charges	6,043,204	4,171,378	8,647,487	6,137,490
	Profit/(loss) on sale of fixed assets	(1,245)	287		
	ACC technical Operating fee (O & M)	122,276	33,597	709,795	839,551
	Royalties	116,199	116,199	**99,459**	-
	Management fee	2,323,393	1,024,400	-	-

ACC Technical Operating fee (O & M) is in respect of provision of business process improvement and deployment of new technologies and techniques in cement production.

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

		Group	Company	Company	Company
5	**TAXATION**	**2009**	**2009**	**2008**	**2007**
a)	**Profit and loss account**	**=N=000**	**=N=000**	**=N=000**	**=N=000**
	Income tax based on the profit for the year	1,561,991	1,408,441	-	-
	Education Tax	138,696	119,547	705,549	630,766
	Under provision in the prior year	211,832	203,774	-	-
		1,912,519	1,731,762	705,549	630,766
	Deferred tax	471,122	526,949	7,959,126	-
	Profit and loss account	**2,383,641**	**2,258,711**	**8,664,675**	**630,766**
b)	**Balance Sheet**				
	At 1 January	5,871,094	1,336,315	630,766	-
	Charges for the year	1,912,519	1,731,762	705,549	-
	Paid during the year	(3,436,271)	- -	- -	-
			- -	- -	-
	At 31 December	**4,347,342**	**3,068,077**	**1,336,315**	**-**

The Company was granted a Pioneer status for a period of five (5) years effective 1 January 2009. The Company is therefore exempted from the payment of income tax in respect of profits accruing from the manufacture and sale of cement during the period to 31 December 2013. The amount provided as income tax is in respect of income exempted under the Pioneer legislation as stated in the Industrial Development Tax Relief Act Cap 17, LFN 2004. The amount provided as income tax has been computed on the basis of the Companies Income Tax rate 30% as stated in section 40 of the Companies Income Tax Act Cap 21, LFN 2004 as amended.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

		Group	Company	Company	Company
6	**FIXED ASSETS:**	**2009**	**2009**	**2008**	**2007**
	COST	**=N=000**	**=N=000**	**=N=000**	**=N=000**
	Land and Buildings	51,388,533	44,034,843	42,647,799	42,302,273
	Plant and other equipment	145,209,173	100,792,007	94,964,297	88,788,404
	Motor vehicles	13,576,185	12,864,769	3,794,569	2,653,934
	Computer equipment	-	470,133	458,844	169,141
	Factory, furniture and equipment	1,397,794	542,656	497,569	378,127
	Capital work in progress	3,665,930	3,513,759	4,702,656	1,689,052
		215,237,615	162,218,167	147,065,734	135,980,931
	Depreciation				
	Land and Buildings	2,319,166	419,254	248,140	122,489
	Plant and other equipment	21,959,441	15,567,154	9,479,308	4,551,435
	Motor vehicles	3,759,404	3,323,417	1,422,456	663,484
	Computer equipment	-	247,980	133,797	49,267
	Factory, furniture and equipment	806,258	271,862	160,359	75,625
	Capital work in progress			-	-
		28,844,269	**19,829,667**	**11,444,060**	**5,462,300**
	NET BOOK VALUE				
	Land and Buildings	49,069,367	43,615,589	42,399,659	42,179,784
	Plant and other equipment	123,249,732	85,224,853	85,484,989	84,236,969
	Motor vehicles	9,816,781	9,541,352	2,372,113	1,990,450
	Computer equipment	-	222,153	325,047	119,874
	Factory, furniture and equipment	591,536	270,794	337,210	302,502
	Capital work in progress	3,665,930	3,513,759	4,702,656	1,689,052
		186,393,346	**142,388,500**	**135,621,674**	**130,518,631**

6.1**Transfer from Lagos Cement Terminal**

This represents the transfer of Lagos Cement Terminal division of Dangote Industries Limited during the year. Included in the fixed assets transferred are assets revalued in 2002 and 2003 by Messrs. Alagbe and Partners, Estate Surveyors and Valuers on the basis of open market values between a willing buyer and a willing seller. The surplus on revaluation of N986 million has been credited to Revaluation Reserve Accounts. Subsequent additions to the revalued assets are stated at cost.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (Cont'd)

		Group	Company	Company	Company
6.2	The depreciation charge for the year is attributable to	**2009**	**2009**	**2008**	**2007**
		=N=000	**=N=000**	**=N=000**	**=N=000**
	Cost of sales	9,263,092	5,625,330	4,981,566	
	Administrative expenses	488,338	362,566	241,222	
	Included in (loss)/gains from haulage	1,775,839	1,775,839	758,972	
		11,527,269	7,763,735	5,981,760	
7	**Investments**				
7.2	**Quoted Investments**				
	Benue Cement Company Plc	-	9,491,390	- -	-
	The market value of the quoted investment as at 31 December 2009 was N126,174,733,188 (2008- Nil)				
7.2	**Unquoted Investments:**				
	Lion Football Club Limited	50	-	- -	-
	Dangote Bail Limited	-	7,068,744	- -	-
	Dangote Cement Works Limited	99,000	99,000	- -	-
	At 31 December	**99,050**	**16,659,134**		

The Subsidiaries are:	**Group % holding**	**2009 % holding**	**2008 % holding**	**2007 % holding**
Lion Football Club Limited	100.00	**-**	- -	-
Benue Cement Company Plc - Ordinary Shares	74.77	74.77	- -	-
Dangote Bail Limited - Ordinary Share	99.90	99.90	- -	-
Dangote Cement Works Limited - Ordinary Share	99.00	99.00	- -	-

7.3 In the opinion of the Directors the value of the unquoted investment is not lower than the cost

7.4 During the year, Dangote Industries Limited transferred its shareholding and ownership in Benue Cement Company Plc, Dangote BAIL Limited and Dangote Cement Works Limited to Dangote Cement Plc.

7.5 All the above subsidiaries were incorporated in Nigeria.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (Cont'd)

		Group 2009	Company 2009	Company 2008	Company 2007
8	**Stocks**	**=N=000**	**=N=000**	**=N=000**	**=N=000**
	Finished product	1,126,393	928,179	343,608	2,571
	Work in process	1,300,447	1,046,235	598,177	73,348
	Raw materials	1,495,063	207,488	664,800	61,040
	Packaging materials	146,629	146,629	89,613	34,698
	Chemicals and consumables	868,993	868,993	672,608	149,581
	Spare parts	4,640,032	2,849,304	1,716,337	2,469,215
	Goods in transit	3,889,449	3,852,032	957,627	-
	Stock - trading items	352,505	352,505	-	-
		13,819,511	10,251,365	5,042,770	2,790,453
	Provision for obsolete stock items	(445,406)	-	-	-
		13,374,105	**10,251,365**	**5,042,769**	**2,790,453**
9	**Trade debtors**				
	Trade debtors	7,370,828	6,468,684	3,204,154	875,984
	Provision for doubtful debts	(545,114)	(430,057)	(280,291)	-
		6,825,714	**6,038,627**	**2,923,863**	**875,984**
10	**Other debtors and prepayments**				
	Prepayments	723,686	691,355	981,322	449,469
	Advance to contractors	764,814	-	-	-
	Deposit for imports	2,432,438	-	75,912	2,346,771
	Gas pipeline - Build and transfer	5,989,162	5,989,162	6,984,861	8,240,025
	Projects funds	25,868,382	25,868,382	68,459,105	1,090,953
	Other debtors	3,869,697	3,273,355	67,465	2,028,367
		39,648,179	35,822,254	76,568,666	14,155,585
	Provision for doubtful balances	(554,860)	(554,860)	-	-
		39,093,319	**35,267,394**	**76,568,666**	**14,155,585**

a) Deposit for imports represents letters of credit with various banks for importation of goods which have not been received at the year end

b) The amount of N5.99 billion (2008-N6.98 billion) represents the unamortised balance of the Company's investment on Gas Pipeline which the Company has now transferred to the 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 cost from amount invoiced by NGC for gas consumption at an agreed rate. The agreement with the Nigerian Gas Company Limited is for twenty 20) years (and came into effect in October 2006. The agreement as at 31 December 2009 has less than 17 years to run.

c) Project funds represent the amount advanced by the Company on its projects in Obajana line 3 (Sinoma), Shagamu, Tema Cement Terminal (Ghana), Ibese Cement Plant (Nigeria), Senegal Cement Project and Sack Plant (Obajana).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (Cont'd)

		Group	Company	Company	Company
		2009	2009	2008	2007
11.	**Short Term Deposits**	9,452,915	9,452,915	8,283,055	12,649,776
12	**Other creditors**				
	Down payments received from customers	8,376,902	7,029,254	4,390,296	4,819,857
	Accruals for cement purchase	7,956,461	4,174,006	-	220,266
	Accruals	8,186,441	1,724,485	196,474	-
	Others	1,402,599	712,187	319,876	3,836,876
	Director's current account	1,753,823	1,753,823	-	-
	Deposit for shares	100,000	-	-	-
	Interest payable	1,285,896	1,285,896	304,583	-
	Value added tax	1,775,685	1,706,744	4,460,925-	-
	Staff pension (Note 12.1)	128,105	86,765	77,816	36,114
		30,965,912	**18,473,160**	**9,749,970**	**8,913,113**

		Group	Company	Company	Company
		2009	2009	2008	2007
12.1	**Staff pension**	=N=000	=N=000	=N=000	=N=000
	At 1 January	120,065	80,908	36,114	-
	Provision for the year	237,331	164,229	86,282	36,114
		357,396	245,137	122,396	36,114
	Payment during the year	(229,291)	(158,372)	(44,580)	-
	At 31 December	**128,105**	**86,765**	**77,816**	**36,114**

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

		Group	Company	Company	Company
		2009	2009	2008	2007
13	**Long term debts**	=N=000	=N=000	=N=000	=N=000
	Local	-	-	6,000,000	14,000,000
	Foreign	-	-	-	32,565,924
	Access Bank Plc	5,125,063	5,125,063	7,175,088	-
	Ecobank Plc	5,760,000	5,760,000	7,680,000	-
	N43 billion local loan	-	-	43,634,407	-
	Bulk Commodity Limited	487,244	487,244	9,080,133	-
	Subordinated (Note 24)	42,704,759	42,704,759	46,004,759	46,109,246
	Dangote Industries Limited	10,332,000	10,332,000	9,152,500	-
		64,409,066	**64,409,066**	**128,726,887**	**92,675,170**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (Cont'd)

a) Local loans granted by a Consortium of 13 local banks were fully repaid in 2009

b) Access Bank Plc (interest rate at 18.16% p.a) and Ecobank Plc (interest rate at 18.83% p.a) represent facility to refinance foreign lenders portion of the project cost. The tenors of the loans are 4.5 years and 4 years respectively. The loans are secured by a charge over the Dangote Cement Plc, Obajana factory including all project facilities, cement and power plants.

c) Bulk commodity loan (interest rate at 6% per annum) represent short term funding requirements. The loan is repayable on demand. Loan portion repaid in 2009 was N8.65 billion.

d) Subordinated loan is provided by Dangote Industries Limited in excess of equity capital

e) The loan from Dangote Industries Limited (DIL) represent short term funding requirement (US$70 million) obtained at an interest rate of 6% per annum. This loan was used to fund the Obajana Plant Project

		Group	Company	Company	Company
		2009	2009	2008	2007
14	**Deferred taxation**	=N=000	=N=000	=N=000	=N=000
	At 1 January	9,003,833	7,959,126	-	-
	Provision for the year	471,122	526,949	7,959,126	-
	At 31 December	**9,474,955**	**8,486,075**	**7,959,126**	-
15	**Provision for gratuity**				
	At 1 January	819,286	272,679	33,581	-
	Provision for the year	588,474	104,340	33,581	33,581
		1,407,760	377,019	67,162	33,581
	Payments during the year	(426,516)	(26,279)	-	-
	At 31 December	**981,244**	**350,740**	**67,162**	**33,581**
16	**Share capital**				
	Authorised, issued and fully paid:	**500,000**	**500,000**	**500,000**	**500,000**
	500,000,000 Ordinary Shares of N1.00 each				
17	**Share premium**				
	500,000,000 Ordinary Shares of N1.00 each issued at N84.86 premium	**42,430,000**	**42,430,000**	**42,430,000**	**42,430,000**
18	**Capital reserve**	=N=000	=N=000	=N=000	=N=000
	Assets:				
	Fixed assets	44,004,846	-	-	-
	Long term investment	50	-	-	-
	Stocks	3,122,740	-	-	-
	Short term investment	182,185	-	-	-
	Trade debtors	787,087	-	-	-
	Other debtors and prepayments	3,646,948	-	-	-
	Due from related companies	24,159,517	-	-	-
	Cash and bank balances	4,492,859	-	-	-
		80,396,232	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (Cont'd)

		Group 2009	Company 2009	Company 2008	Company 2007
	Liabilities				
	Trade creditors	(1,792,679)	-	-	-
	Other creditors	(8,782,871)	-	-	-
	Due to related companies	(28,683,878)	-	-	-
	Deferred taxation	(988,880)	-	-	-
	Staff gratuity	(630,504)	-	-	-
	Taxation	(1,279,265)	-	-	-
		(42,158,077)	-	-	-
	Net assets	**38,238,155**	-	-	-
	Non-controlling interest	(6,121,937)	-	-	-
		32,116,218	-	-	-
	Purchase consideration	(16,560,134)	-	-	-
	Capital reserve	**15,556,084**	-	-	-

Benue Cement Company Plc and Dangote Bail Limited were acquired by Dangote Cement Plc in December 2009

		Group 2009	Company 2009	Company 2008	Company 2007
19	**Revenue reserve**				
	At 1 January	29,582,218	29,582,218	11,622,109	-
	On acquisition of Lagos Cement Terminal profit	21,362,885	21,362,885	-	-
	On acquisition of Benue Cement Company Plc	(6,746,739)	-	-	-
	On acquisition of Dangote Bail Limited	239,648	-	-	-
	Non-controlling interest:				
	In Benue Cement Company Plc	(3,710,773)	-	-	-
	In Dangote Bail Limited	(7,658)	-	-	-
	profit for the year	57,476,848	47,251,326	17,960,110	11,064,012
	At 31 December	**98,196,429**	**98,196,429**	**29,582,219**	**11,064,012**
20	**Non-controlling interest**				
	On acquisition of equity in:				
	Benue Cement Company Plc	6,107,908	-	-	-
	Dangote Bail Limited	14,029	-	-	-
			-	-	-
	At 31 December	**6,121,937**			

Dividend

At the meeting of Benue Cement Company (BCC) Plc Board of Directors held on 4 June 2009, the Directors recommended to capitalise N391, 552,734.50 from the share premium account for distribution to shareholders as bonus shares on the basis of one new ordinary share of 50 kobo for every four ordinary share held as at 3 July 2009. The shares have been allotted by the Directors in accordance with the members' resolution.

At the meeting of Benue Cement Company (BCC) Plc Board of Directors held on 4 June 2009, the Directors recommended that an interim dividend of N1 per 50 kobo share be paid in 2009 and is payable after bonus issue for the year. The total amount paid as interim dividend from retained earnings amounted to ₦3, 915,382,560.

At the meeting of Benue Cement Company (BCC) Plc Board of Directors held on 4 June 2009, the Directors recommended a final dividend of ₦1 per 50 kobo share. The dividend is payable to the shareholders less appropriate withholding tax which should not be retained by the Company but payable to the appropriate tax authorities.

		Group 2009 =N=000	Company 2009 =N=000	Company 2008 =N=000	Company 2007 =N=000
22	**Reconciliation of profit after taxation to net cash provided by operating activities**				
	Profit after taxation	57,476,848	47,251,326	17,960,110	11,064,012
	Adjustments to reconcile net income to net cash provided by operating activities:				
	Depreciation	11,527,269	7,763,735	5,981,760	5,462,300
	Interest received	(2,520,128)	(2,330,862)	(1,833,111)	(1,767,969)
	Interest paid	6,043,204	4,171,378	8,647,487	6,137,490
				-	
	Adjustment to fixed asset	2,639,481	2,498,498	508,565	(23,381,029)
	Transfer of fixed assets	(184,513,261)	(3,237,307)	-	-
	(Profit) /Loss on sale of fixed assets	(1,245)	287	-	-
	Revaluation reserve	985,805	985,805	-	-
	Increase in capital reserve	15,556,084	-	-	-
	Transfer of Lagos Cement Terminal profit	21,362,885	21,362,885	-	-
	Adjustment for minority interest	(6,851,051)	-	-	-
	Changes in assets and liabilities:				
				-	-
	Increase in stock	(5,208,595)	(5,208,595)	(2,252,315)	(1,289,305)
	Increase in trade debtors	(3,114,764)	(3,114,764)	(2,047,879)	(875,984)
	Decrease/(Increase) in other debtors	41,301,272	41,301,271	(62,413,082)	(4,875,943)
	Decrease in pre - operating account	-	-	-	27,864,781
	Decrease in foreign currency revaluation reserve		-	(3,518,876)	-
	Decrease in due to affiliates	17,504,614	17,504,614	6,534,755	-
	Increase in due from affiliates	(38,739,618)	(38,739,618)	(1,839,315)	-
	Increase/(decrease) in deferred expenses	-	-	24,268	(24,268)
	Increase in trade creditors	510,922	510,921	532,911	1,878,471
	Increase in other creditors	8,723,190	8,723,191	836,856	10,366,072
	Increase in gratuity	283,578	283,578	33,581	33,581
	Increase in taxation	1,731,762	1,731,762	705,549	582,384
	Increase in deferred taxation	526,949	526,949	7,959,126	-
	Total adjustments	**(112,251,647)**	**54,733,725**	**(42,139,720)**	**20,110,581**
	Net cash provided by operating activities	**(54,774,799)**	**101,985,051**	**(24,179,610)**	**(31,174,593)**
23	**Cash and cash equivalents**				
	Bank balances and cash	10,733,061	6,240,202	5,264,190	6,291,171
	Short term investments (Note 10)	9,452,915	9,452,915	8,283,055	12,649,776
	Bank overdraft	(3,272,082)	(3,272,082)	(6,501,755)	(5,359,820)
		16,913,894	**12,421,035**	**7,045,490**	**13,581,127**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (Cont'd)

24	**Future capital expenditure**				
	Capital expenditure authorized by Directors and not provided for in these financial statements:				
	Committed	20,154,400	20,154,400	-	-
	Not committed	-	-	-	-
		20,154,400	**20,154,400**	-	-
25	**Chairman's and Directors' emoluments**				
i	The Directors' emoluments comprise:				
	- Emoluments				
	- Highest paid Director	42,000	30,000	-	-
		42,000	**30,000**	-	-
	As fees				
	Salaries, allowances and expenses:				
	- Executive Directors	102,239	55,000	-	-
	- Other Directors	34	34	9,203	3,238
		102,273	**55,034**	**9,203**	**3,238**

ii Number of Directors (excluding the Chairman) whose emolument were within the following ranges:

N		N	Number	Number	Number	Number
3,200,001	-	3,210,000	9	-	-	1
8,740,001	-	8,750,000	1	-	-	-
10,000,001	-	20,000,000	1	1	1	1
Over		20,000,000	2	2	-	-

		Group	Company	Company	Company
26	**Employees**	**2009**	**2009**	**2008**	**2007**
i	**Employees remunerated higher rate excluding allowances:**				
	100,000 - 250,000	-	-	-	11
	250,001 - 500,000	-	1,021	608	486
	500,001 - 750,000	1,796	307	342	152
	750,001 - 1,000,000	535	392	127	54
	1,000,001 - 1,250,000	720	46	70	61
	1,250,001 - 1,500,000	317	18	35	17
	1,500,001 - 2,000,000	100	139	30	29
	2,000,001 and above		64	73	49
		3,468	1,987	1,285	859
ii	The average number of persons employed during the year excluding Directors were:				
	Management	140	76	71	49
	Non management	3,328	1,911	1,214	810
		3,468	**1,987**	**1,285**	**859**

	Group 2009	Company 2009	Company 2008	Company 2007
Aggregate Payroll Costs:				
Wages, salaries and staff welfare	5,797,605	3,898,771	2,116,621	1,150,817
Pension costs	237,331	164,229	86,282	36,114
Gratuity provision	588,474	104,340	33,581	33,581
	6,623,410	**4,167,340**	**2,236,484**	**1,220,512**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (Cont'd)

27. Contingent liabilities

No provision has been made in these financial statements for contingent liabilities in respect of litigations against the company amounting to N48.10 million (2008 –Nil). According to the solicitors acting on behalf of the company, the liabilities arising, if any, are not likely to be significant.

28	Related party transactions	Group	Company	Company	Company
	The following transactions were carried out with related parties during the year:	**2009**	**2009**	**2008**	**2007**
a)	**Purchases of goods and services**	**=N=000**	**=N=000**	**=N=000**	**=N=000**
	Dangote Agro Sacks Plc	**6,885,948**	**4,880,129**	**4,549,870**	**3,254,682**
b)	**Amounts due from related companies**				
	Benue Cement Company Plc	-	10,207,784	2,968,663	1,130,171
	Dangote Bail Limited	-	5,499,701	46,773	45,950
	Dangote Industries Limited - Current account	46,304,504	22,348,690		
	Dangote Industries Limited - Loan account	1,347,502	1,165,317		
	Savannah Sugar Company Plc - Loan Account	300,000	300,000		
	Kogi Oil Services	896	896		
	Alhaji Saayu Dantata	2,793	2,793		
	Alheri Engineering Company Limited	3,193	3,193		
	Dangote Nigeria Limited	81,345	81,345		
	Dangote Noodles	18,339	18,339		
	Dangote Flour Plc	169,921	169,921		
	Sinoma International	746,075	746,075		
	Dangote Sugar Plc	1,729,479	1,729,479		
	Dangote Pasta Limited	103,460	103,460		
	Dangote Agro Sacks Plc	802,178	802,178		
	Savannah Sugar Company Plc - Current Account	79,999	78,913		
	Dangote Nigeria Limited Transport	204,033	23,577		
	National Salt Company of Nigeria Plc	227,322	227,322		
		52,121,039	**43,508,983**	**3,015,436**	**1,176,121**
	Provision for doubtful balances	**(1,753,929)**	**(1,753,929)**		
		50,367,110	**41,755,054**	**3,015,436**	**1,176,121**
c)	**Amounts due to related companies**				
	Dangote Industries Limited - Current Account	6,102,615	-	4,342,655	265,545
	Dangote Industries Limited - Investments	16,560,134	16,560,134		
	Lagos Cement Terminal	-	-	1,095,709	624,695
	Dangote Agro Sacks Plc	723,014	211,849	152,111	29,843
	Dangote Sugar Plc	1,173,511	238,192	110,541	-
	Dangote Bail Limited	-	22,161		
	Interest on GTB N43.6 billion loan paid by DIL	-	-	1,753,823	-
	M.R.S Oil and Gas Company Limited	2,880,544	984,155	-	-
	Bulk Commodities International	6,526,549	6,526,549	-	-
	Dangote Travels Limited	129,818	129,818	-	-
	Greenview Nigeria Limited	104,855	104,855	-	-
	Super Group	181,740	181,740	-	-
		34,382,780	**24,959,453**	**7,454,839**	**920,083**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (Cont'd)

d) Subordinated loan

Dangote Industries Limited provided subordinated loan facility to the company during the project period to cover the excess cost of the project. The loan, which is interest free and has no fixed tenor, had a balance of N42,704,758,618 as at 31st December, 2009 (2008- N46,704,758,618).

e) The Division – Lagos Cement Terminal has an annual financial commitment to Dangote Industries Limited amounting to 2% of turnover as management fee. Management fee for the financial year ended 31 December 2009 was N1.024 billion.

29. 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 factory 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. The agreement as at 31st December, 2009 has less than 17years to run.

27. Post balance sheet events

The Directors are of the opinion that there were no post balance sheet events which could have had material effect on the state of affairs of the Company at 31 December, 2009 and on profit for the year ended on that date which have been adequately provided for or recognised.

28. Comparative figures

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

STATEMENT OF VALUE ADDED
FOR THE YEAR ENDED 31 DECEMBER 2009

STATEMENT OF VALUE ADDED FOR THE YEAR ENDED 31 DECEMBER	Group 2009	Company 2009	Company 2008	Company 2007
	=N=000	=N=000	=N=000	=N=000
Sales	189,620,975	129,797,087	61,906,088	34,595,913
Interest received	2,520,128	2,330,862	1,833,111	1,767,969
Other income	972,877	902,187	1,038,910	664,581
	193,113,980	133,030,136	64,778,109	37,028,463
Bought-in-materials and services:				
Imported	(57,815,163)	(39,356,433)	(3,543,797)	(1,862,302)
Local	(43,413,681)	(28,004,786)	(17,743,797)	(10,092,983)
Value added	**91,885,136**	**65,668,917**	**43,490,515**	**25,073,177**
Applied as follows:				
To pay employees:				
Salaries	5,797,605	3,955,198	2,116,621	1,150,817
Staff pension	237,331	164,229	86,282	36,114
Gratuity provision	588,474	104,340	33,581	33,581
To pay Government:				
Income tax	1,561,991	1,408,441	-	-
Education tax	350,528	323,321	705,549	630,766
To pay providers of capital:				
Finance charges	6,043,204	4,171,378	8,647,487	6,137,490
Dividend paid	3,915,382	-	-	-
To provide for maintenance of fixed assets:				
Depreciation	11,527,269	7,763,735	5,981,759	5,462,300
Deferred taxation	471,122	526,949	7,959,126	-
Profit retained	61,392,230	47,251,326	17,960,110	11,622,109
	91,885,136	**65,65,668,917**	**43,43,490,515**	**25,073,177**

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, plus the amount retained for the future creation of more wealth.

C. MEMORANDUM ON THE PROFIT FORECAST OF DANGOTE CEMENT

LETTER RELATING TO THE PROFIT FORECAST

Thursday, 29 July 2010

THE DIRECTORS
Dangote Cement Plc
Marble House
1 Alfred Rewane Road
Falomo
Ikoyi
Lagos State

and

THE DIRECTORS
Vetiva Capital Management Limited
Plot 266B Kofo Abayomi Street
Victoria Island
Lagos State

THE DIRECTORS
Afrinvest (West Africa) Limited
Foreshore Towers (12th Floor)
2A Osborne Road
Ikoyi
Lagos State

Gentlemen,

MEMORANDUM ON FINANCIAL FORECASTS

We have reviewed the accounting policies and calculations of the financial forecast of Dangote Cement Plc for which the Directors of DCP are solely responsible, for the years ending December 31, 2010, 2011 and 2012.

In our opinion, the financial forecast, so far as the accounting policies and calculations are concerned, have been properly compiled on the footing of the assumptions made by the Directors and are presented on a basis consistent with the accounting policies normally adopted by the Companies. However, there will usually be differences between forecast and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Yours Faithfully;
For: **SIAO**

SIAO
SIAO · Accomplish More

GEORGE SADOH, FCA
Director

D. PROFIT FORECAST OF DANGOTE CEMENT

The Directors estimate that, in the absence of unforeseen circumstances and based on assumptions set out on pages 57 to 58, the Company's profit forecasts pre-merger and post-merger for the years 2010 to 2012 will be as shown below:

	2010 N'000	2011 N'000	2012 N'000
Turnover	225,878,619	397,954,678	510,820,418
Cost of sales	(98,623,398)	(142,475,655)	(172,419,152)
Gross profit	127,255,221	255,479,023	338,401,266
Operating expenses	(4,900,117)	(5,581,604)	(5,939,796)
Operating profit	122,355,104	249,897,419	332,461,470
Interest (expense)/Income	(993,121)	(456,195)	(1,175,815)
Profit before taxation	**121,361,983**	**249,441,224**	**331,285,655**
Taxation	(2,568,575)	(1,828,437)	(9,499,992)
Profit after taxation	**118,793,408**	**247,612,787**	**321,785,663**
Minority Interest	(1,045,599)	(3,626,281)	(5,198,909)
Profit attributable to Group Shareholders	**117,747,809**	**243,986,506**	**316,586,754**
Proposed Dividend	**(88,310,858)**	**(182,989,880)**	**(237,440,065)**
Retained earnings	29,436,951	60,996,626	79,146,689
Earnings per share (EPS)*	785k	1,627k	2,111k
Dividend per share (DPS)*	570k	1,181k	1,532k

* EPS & DPS were calculated based on issued and fully paid 15,000,000,000 Ordinary Shares over the forecast period.

E. BASES AND ASSUMPTION FOR THE PROFIT FORECAST OF DANGOTE CEMENT
For the years ending 31 December 2010 – 2014

The forecasts have been arrived at on the following bases and assumptions:

Basis
The profit forecasts for the years ending 31 December 2010 to 2012 have been prepared on a basis consistent with the accounting policies adopted by the Company.

General Assumptions
Changes in Accounting Policies
a) There will be no material changes in the accounting policies currently adopted by the Company.

Political and Economic Climate
b) There will be no significant changes in the Federal Government's monetary and fiscal policies that will adversely affect the operations of the Company; neither will there be any drastic change in the political and economic environment in general, and the manufacturing sector in particular, that will adversely affect the operations of the Company.

Going Concern
c) The quality of the Company's management will be sustained during the forecast period.
d) The Company will continue to enjoy the goodwill and confidence of present and future customers, and strategic partners.
e) There will be no litigation with adverse material consequence to the Company.

Exchange Rate and Inflation
f) The Naira/US$ exchange rate is assumed to devaluate annually by the inflation rate and will remain at an average of ₦160 to US$1 over the forecast period.
g) Cost inflation has been assumed at 5%. This is due to the significant proportion of food items in the regular inflation rate (estimated as 10.3% year on year) as per the consumer price index.

Sales Revenue, Production Capacity and Utilisation
h) Current combined cement production capacity at the Obajana and Benue plant is 8 million metric tonnes per annum. A third production line in Obajana with annual capacity for 5 million metric tonnes and the Greenfield plant at Ibese, Ogun State with annual production capacity of 6 million metric tonnes are both forecast to come on stream in H1 of 2011. Additionally, production capacity at the Benue plant is also forecast to increase to 4 million metric tonnes from the current level of 3 million metric tonnes before the end of 2011. All of these will bring the total production capacity of the Company to 20 million metric tonnes by the end of 2011.
i) The Company currently has a 6 million metric tonnes cement import capacity spread between its import terminals in Lagos and Portharcourt.
j) Capacity utilisation at the three (3) cement production plants (Obajana, Benue and Ibese) is forecast to increase to 89.2% in 2010 and 92.8% in 2012. The slight dip to 71.9% in 2011 is as a result of the gradual ramp-up in production from the new plants at Obajana and Ibese. The increase in forecast capacity utilisation is expected to come from:
   i. Issuance of new guidelines by the government restricting quantities of cement importation, significantly increasing the effective import duty rate on bulk cement importation (from 5% to 35%) and cancelling all import licenses previously issued but unutilised. This is expected to result in a significant increase in demand for locally produced cement.
   ii. Stability in the supply and price of primary fuel (LPFO and Natural Gas) required by the cement production plants.
   iii. A shift from ex-works collections by customers to depot collection which ensures a deeper market penetration. To support this shift the Company has invested significant amount of money to acquire its own fleet of delivery trucks.
k) Bagging of bulk cement at the import terminals is planned to reduce over the forecast period in line with government objective of encouraging local cement production.
l) Selling price per tonne of cement is kept constant throughout the forecast period and increased by cost inflation in the last year.
m) Cement dispatch will equal cement production and import over the forecast period.

The analysis of forecast revenues is as follows:

		2010	2011	2012
Cement Production Capacity	000 tons	8,000	19,500	20,000
Cement Production	000 tons	7,139	14,014	18,556
Cement Production Capacity Utilisation	%	89.2%	71.9%	92.8%
Cement Import Capacity	000 tons	6,000	6,000	6,000
Cement Import	000 tons	1,831	1,703	1,594
Cement Import Capacity Utilisation	%	30.5%	28.4%	26.6%
Total Cement despatch	000 tons	8,970	15,718	20,150
Average Selling Price	N/ton	25,181	25,319	25,350
Sales Revenue	N million	225,879	397,955	510,820

Material Usage and Prices

n) Usage of key production materials - fuel, power, gypsum, explosives, refractory bricks etc - will remain in line with current trends; with efficiencies expected to be achieved with increases in production.

o) The production fuel currently in use is LPFO and Natural Gas, however, an additional fuel (coal) will be gradually introduced from 2011.

p) Current material prices are assumed to increase in line with cost inflation rate over the forecast period.

Cost to Income

q) Cost of sales to turnover and operating expenses to turnover averaged 36.8% and 1.2% respectively over the forecast period.

Capital Expenditure and Depreciation

r) Sustainable capital expenditure (i.e capital expenditure required to keep the plant running after commissioning) is estimated to average USD$6.5 per tonne for the three (3) cement production plant.

s) A fifteen year average useful life has been estimated for all assets, implying a depreciation rate of 6.7%.

Pioneer Status

t) The existing cement production plants at Obajana and Benue have already been granted pioneer status starting from 1 January, 2009. Benue for 3 years and Obajana for 5 years. The Greenfield plant at Ibese also qualifies for pioneer status and it is forecast that it will be granted tax holiday for 5 years starting from 2011. The Company is therefore exempted from the payment of income tax in respect of profits accruing from the manufacture and sale of cement during the period of the pioneer status.

Dividend Payout Rate

u) Dividends will be paid at the rate of 75% of profit after tax.

F. LETTER FROM THE FINANCIAL ADVISERS ON THE PROFIT FORECAST

The following is a copy of the letter on the Profit Forecast from Vetiva Capital Management Limited, and Afrinvest (West Africa) Limited the Financial Advisers to Dangote Cement.

VETIVA
CAPITAL MANAGEMENT LIMITED
RC.485600

AFRINVEST
RC 261272

Thursday, 05 August 2010

THE DIRECTORS
Dangote Cement Plc
Marble House
1 Alfred Rewane Road
Falomo
Ikoyi
Lagos State

Dear Sirs,

PROPOSED MERGER BETWEEN DANGOTE CEMENT PLC AND BENUE CEMENT COMPANY PLC

We have had the privilege of studying the Scheme Document in respect of the above subject matter, which is addressed to your shareholders and those of Benue Cement Company Plc ("BCC") This document contains a profit forecast of your company for the years ending December 31, 2010, 2011 and 2012.

We have discussed with you and with SIAO, Reporting Accountants to the Scheme, the bases and assumptions upon which the forecast was made. We have also considered the letter dated Thursday, 29 July 2010 from the Reporting Accountants regarding the accounting basis and calculations upon which the forecast was compiled.

Having considered the assumptions made by you as well as the accounting basis and calculations reviewed by SIAO, we consider that the forecast (for which you as Directors are solely responsible) has been made by you after due and careful enquiry.

Yours faithfully,

CHUKA ESEKA	**IKE CHIOKE**
Managing Director/CEO	Managing Director
Vetiva Capital Management Limited	Afrinvest (West Africa) Limited

G. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the offices of Vetiva Capital Management Limited, Plot 266B Kofo Abayomi Street, Victoria Island, Lagos State or Afrinvest (West Africa) Limited, Foreshore Towers (12th Floor), 2A Osborne Road, Ikoyi Lagos State during normal business hours any weekday (except public holidays), until the Effective Date:

a) Certificate of incorporation of Dangote Cement;

b) Evidence of change of name from Obajana Cement Plc to Dangote Cement Plc

c) The Memorandum and Articles of Dangote Cement;

d) The audited financial statements of Dangote Cement for each of the three years ended 31 December 2009;

e) The Report of SIAO, the Reporting Accountants, on the audited financial statements for the three years ended 31 December 2009;

f) The Memorandum of SIAO, the Reporting Accountants, on the profit forecast for the three years ending 31 December 2012;

g) The letter from Vetiva Capital Management Limited and Afrinvest (West Africa) Limited on the Profit Forecast;

h) The schedule of claims & litigation referred to on Page 89 ;

i) The material contracts referred to on Page 89; and

j) The written consents referred to on Page 90.

APPENDIX II – FURTHER INFORMATION ON BENUE CEMENT COMPANY PLC

A. BACKGROUND INFORMATION

1. INCORPORATION AND SHARE CAPITAL HISTORY

BCC was incorporated as a private limited liability company on 16 July 1975 and commenced business on 15 August 1980. BCC was listed on The Nigerian Stock Exchange on 08 April 1991. Dangote Industries Limited became a core investor in BCC in 2000 by acquiring the Federal Government of Nigeria's 35% equity stake and took over management control in January 2004.

The Company's initial authorised share capital was ₦2,000 comprising 2,000 Ordinary Shares of ₦1 each. The shares were subdivided into 50 kobo Ordinary Shares on 29 June 1990. The authorised share capital of the company is currently ₦2.5 billion comprising 5 billion Ordinary Shares of 50 kobo each, of which 3,915,527,344 Ordinary Shares have been issued and fully paid.

The changes in the share capital of the company since inception are summarised below:

Date	Authorized (₦)		Issued and Fully Paid (₦)		Consideration
	Increase	Cumulative	Increase	Cumulative	
1975	2,000	2,000	2,000	2,000	Cash
1976	35,998,000	36,000,000	-	-	Nil
1977	-	36,000,000	32,428,000	32,430,000	Cash
1978	-	36,000,000	3,210,000	35,640,000	Cash
1979	10,200,000	46,200,000	10,200,000	45,840,000	Cash
1980	1,440,000	47,640,000	1,800,000	47,640,000	1-for-2 reverse split
1982	52,360,000	100,000,000	-	47,640,000	Nil
1989	-	100,000,000	-	47,640,000	Nil
1990	-	100,000,000	51,360,000	99,000,000	Cash
1992	100,000,000	200,000,000	24,750,000	123,750,000	Bonus
1994	-	200,000,000	74,250,000	198,000,000	Cash
1998	50,000,000	250,000,000	-	198,000,000	Nil
1999	-	250,000,000	49,500,000	247,500,000	Bonus
2000	125,000,000	375,000,000	-	247,500,000	Nil
2004	125,000,000	500,000,000	-	247,500,000	Nil
2005	1,000,000,000	1,500,000,000	990,000,000	1,237,500,000	Cash
2006	-	1,500,000,000	154,187,500	1,392,187,500	Bonus
2008	1,000,000,000	2,500,000,000	174,023,437	1,566,210,937	Bonus
2009	-	2,500,000,000	3,915,527,344	1,957,763,671	Bonus

2. BENEFICIAL OWNERSHIP

As at 28 July 2010, the 3,915,527,344 Ordinary Shares of 50 kobo each in the issued share capital of the Company were beneficially held as follows:

Shareholder	Ordinary Shares Held	%
Dangote Cement Plc	2,927,488,009	74.77
Other Individuals and Corporates	988,039,335	25.23
Total	**3,915,527,344**	**100.00**

Except as stated above, no shareholder holds more than 5% of the issued share capital of the Company.

3. DIRECTORS' INTERESTS

The interests of the Directors of BCC in the issued share capital of BCC as disclosed in the Register of Directors shareholding as at 28 July 2010 were as follows:

Director	Direct Shareholding	Indirect Shareholding	Total Shareholding
Alhaji Aliko Dangote	49,359,339	-	49,359,339
Mr. Shree Narendra Junnarkar	-	-	-
Mr. Olakunle Alake	6,661,655	-	6,661,655
Chief Edward K. Ashiekaa	29,661	-	29,661
Chief David Attah	-	-	-
Devakumar Victor Gnandoss Edwin	-	-	-
Basil Akerigba Kwembeh	500	-	500
Mr. Olusegun Olusanya	29,661	-	29,661
Senator John Wash Pam	-	-	-
Engr (Chief) Isaac Wakombo	-	-	-

4. INDEBTEDNESS

As at 31, December 2009, the company had no indebtedness.

5. SUBSIDIARIES, ASSOCIATED COMPANIES & EQUITY INVESTMENTS

The only subsidiary of BCC is Benue Cement Company Lions Football Limited ("BCCLF"). BCC has no associated companies

BCCLF was incorporated on 18 April 1991 with RC No. 162618. The objects for which the company was incorporated was to engage in the business of running a professional football outfit(s) and to organize, run and manage other games and sports or similar entertainment business on commercial basis.

The Share capital of BCCLF at incorporation was ₦1,000,000.00 divided into 1,000,000 Ordinary Shares of ₦1.00 each. The Company is wholly owned by BCC.

6. EXTRACTS FROM MEMORANDUM & ARTICLES OF ASSOCIATION

The following are the relevant extracts from the Memorandum and Articles of Association of BCC.

MEMORANDUM

3(8) To undertake or enter into any contract or arrangement in connection with the undertaking or property or any enterprise in which the Company is interested.

(14) To purchase or otherwise acquire, the whole or any part of the business, assets and liability or other obligations, or any or either of them of any other natural or juristic person anywhere.

ARTICLES OF ASSOCIATION

GENERAL MEETINGS

(53) The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in the year, and shall specify the meeting as such in the notice calling it and not more than fifteen months shall elapse between the date of one Annual General Meeting of the Company and that of the next. The Annual General Meeting shall be held in Nigeria at such time and place as the Directors shall appoint.

(54) All General Meetings other than Annual General Meetings shall be called Extra-ordinary General Meetings.

(55) The Directors may, whenever they think fit, convene an Extra-ordinary General Meeting. An Extra-ordinary General Meeting shall also be convened on such requisitionists, as or, in default, may be convened by such requisitionists, as provided, by section 215(2) of the Act, if at any time there are within Nigeria sufficient Directors capable of action to form a quorum, any Director or any two members of the Company holding not less than 1 tenth of the paid up capitals of the Company may convene an extra-ordinary general meeting in the same manner as nearly as possible as that in which meetings may be convened by the Directors.

NOTICE OF GENERAL MEETING

(56) An Annual General Meeting and a meeting for the passing of a special resolution shall be called by twenty-one days' notice in writing at the least. And a meeting of the Company other than an Annual General Meeting or a meeting for the passing of a special resolution shall be called by fourteen days' notice in writing at the least.

The Notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day and hour of meeting and, in case of special business, the general nature of that business, and shall be given, in manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company in General Meeting, to such persons as are, under these presents of the Company.

Provided that meeting of the Company shall, notwithstanding that it is called by shorter notice than that specified in this Article, be deemed to have been duly called if it is so agreed;

a) In the case of a meeting called as the Annual General Meeting, by all the members entitled to attend and vote thereat; and
b) In the case of any other meeting by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95 percent in nominal value of the shares giving that right.

(57) The accidental omission to give notice of a meeting, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

(58) All business shall be deemed special that is transacted at an Extra-ordinary General Meeting. And also all that is transacted at an Annual General with the exception of the consideration of the accounts, balance sheets, and the reports of the Directors and auditors, and the appointment of, and the fixing of the remuneration of the auditors.

(59) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. Members representing not less than one third of the voting share capital or 25 members whichever is less shall be a quorum.

(60) If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of members, shall be dissolved, but in any other case it shall stand adjourned to the same day in the next week, at the same time and place or to such other time and place as the Directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present shall be a quorum.

(61) The Chairman, if any, or the Directors shall preside as Chairman at every General Meeting of the Company, or if there is not such Chairman or the Chairman is not present within thirty minutes after the time appointed for the holding of the meeting or is unwilling to act, the Directors present shall elect one of their number to be chairman of the meeting.

(62) The Chairman may, with the consent of any meeting at which quorum is present (and shall if so directed by the meeting) adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place, When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting; but otherwise it shall not be necessary to give any notice of an adjournment or of the business to be transacted at the adjourned meeting.

(63)(1) At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll, the demand for which may be withdrawn, is (before or on the declaration of the result of the show of hands demanded:

(a) by the Chairman; or
(b) by at least three members present in person or by proxy; or
(c) by any member or members present in person or by proxy and representing not less than one tenth of the total voting rights of all the members having the right to vote at the meeting; or

(d) by a member or members holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

(63)(2) Unless a poll is so demanded, declaration by the Chairman that a resolution has on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes record in favour of, or against, the resolution.

(64) Except as provided in Article 69 thereof, if a poll is duly demanded it shall be deemed to be the resolution of the meeting at which the poll was demanded.

(65) In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the poll id demanded, shall be entitled to a second or casting vote.

(66) A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the Chairman of the meeting direct, and any business other than that upon which a poll has been demanded may be preceded with pending the taking of the poll.

VOTE OF MEMBERS

(67) Subject to any rights or restriction for the time being attached to any class or classes of shares, on a show of hands every member present shall have one vote, and on a poll every member shall have one vote for each share of which he is holder.

(68) In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the register of Members.

(69) No member shall be entitled to vote at any General Meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid.

(70) No objection shall be raised as to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tended, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the Meeting, whose decision shall be final and conclusive.

(71) On a poll votes may be given either personally or proxy.

7. RESOLUTIONS

The following are being proposed as special resolutions:

1. *"That the scheme of the proposed merger dated Tuesday, 24 August 2010 be approved and that the Directors be and are hereby authorised to consent to any modification of the scheme for the proposed merger that the Securities and Exchange Commission and the Federal High Court shall deem fit to impose and approve."*
2. *"That the Directors are hereby authorised to effect the transfer of all the assets, liabilities and undertakings, including real properties and intellectual property rights of Benue Cement Company Plc to Dangote Cement Plc upon the terms and subject to the conditions set out in the scheme of merger.*
3. *"That the entire share capital of Benue Cement Company Plc be cancelled and the Company be dissolved without being wound up";*
4. *"The Board of Directors are hereby authorised to take such actions as may be necessary to give effect to the scheme."*

B. REPORTING ACCOUNTANT'S REPORT FOR BCC

LETTER FROM THE REPORTING ACCOUNTANTS

The following is a text of the Report of KPMG Professional Services, the Reporting Accountants to:

THE DIRECTORS
The Directors
Benue Cement Company Plc
Km 72 Makurdi - Gboko Road
Tse-Kucha
Benue State

and

THE DIRECTORS
Stanbic IBTC Bank Plc
IBTC Place
Walter Carrington Crescent
Victoria Island
Lagos State

Dear Sirs,

We have reviewed the five-year financial information of Benue Cement Company Plc ("the Company") as set out on pages 66 to 79.

The financial information is extracted from the audited financial statements of the Company for the five financial reporting years ended 31 December 2005 to 31 December 2009, adjusted for matters arising from our review and has been prepared in accordance with the accounting policies set out on pages 66 to 68.

The financial statements were prepared in accordance with the Statements of Accounting Standards applicable in Nigeria and in the manner required by the Companies and Allied Matters Act of Nigeria. The financial statements were audited by Messrs BDO Professional Services in accordance with International Standards on Auditing and issued an unqualified audit report for each year. No financial statements have been prepared in respect of any period subsequent to 31 December 2009 which has been subject to audit.

The five year financial information is the responsibility of the Directors of the Company. Our responsibility is to issue a report on the financial information based on our review. The Directors are also responsible for the contents of the Scheme Document in which this report is included. Our review was conducted in accordance with the International Standards on Review Engagements (ISRE) 2400. This standard requires that we plan and perform our review to obtain moderate assurance as to whether the five year financial information is free from material misstatements. Our review was limited primarily to inquiries of the Company's management and analytical procedures applied to the financial information and therefore provide less assurance than an audit.

We have reviewed the adjustments disclosed on Note 27 that were applied in presenting the five year financial information. We consider these adjustments appropriate and properly applied. We have not performed an audit on the five year financial information or on the financial statements which form the basis of the five year financial information and accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying five year financial information does not give a true and fair view of the state of affairs of the Company as at the balance sheet dates and of the financial performance and cash flows for each of the years then ended in accordance with the Statement of Accounting Standards applicable in Nigeria.

Yours faithfully
FOR: KPMG PROFESSIONAL SERVICES

KPMG
Oladapo R. Okubadejo

Reporting Accountants

1. STATEMENT OF ACCOUNTING POLICIES

Statement of Significant Accounting Policies

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

The following is a summary of the significant accounting policies adopted by the Company in preparation of its financial statements and have been consistently applied throughout the years except for (m) below:

a) Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain land and buildings.

b) Fixed assets

Fixed assets are stated at cost or valuation less accumulated depreciation. Borrowing costs that are directly attributable to qualifying fixed assets are capitalised. Qualifying fixed assets are those that necessarily take a substantial period of time to build. Capitalisation of borrowing cost continues up to the date the assets are available for their intended use. Fixed assets under construction are disclosed as Capital Work in progress.

c) Depreciation

Depreciation is provided to write off the cost or valuation less residual value of the fixed assets using the straight – line method over the expected useful lives at the following annual rates:

	%
Freehold land	Nil
Buildings	2.5
Cement plant	7.5
Motor vehicles	25
Mobile plant	20
Office equipment	20
House furniture	10
Office furniture	10
Tools and equipment	10
Other plant and machinery	10
IT equipment	20

d) Turnover

Turnover represents the invoiced value of goods sold to third parties net of discounts and value added tax

e) Receivable

Trade and other receivables are stated net of allowance for estimated irrecoverable amounts.

f) Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is determined on the following basis:

- Finished goods: weighted average cost of direct materials, direct labour costs and a proportion of production overheads based on normal level of activity. Cost is determined on a weighted average cost basis.
- Engineering spares, raw and packaging materials: purchase cost on a weighted average basis, including transportation and clearing costs.
- Work-in-progress: standard cost of production together with appropriate proportion of production overheads.

Weighted average cost is reviewed periodically to ensure it approximates historical cost.

Net realisable value is based on estimated normal selling price less further costs expected to be incurred to completion and disposal. Stock values are adjusted for obsolete, slow-moving or defective items.

g) Taxation

Income tax expenses are recognised in the profit and loss account. Current income tax is the expected income tax payable on the taxable income for the year using applicable statutory tax rates.

h) Deferred taxation

Provision for deferred tax is calculated using the liability method and calculated at the ruling tax rate on the difference between the net book value of qualifying fixed assets for capital allowances and their corresponding tax written down values. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the amount will be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

i) Retirement benefits

Pension scheme:

In line with the provisions of the Pension Reform Act 2004, the Company has instituted a defined contribution pension scheme for its staff. Staff contributions to the scheme are funded through payroll deductions while the Company's contribution is charged to the profit and loss account.

Gratuity Scheme:

The Company also operates a staff gratuity scheme, which is accrued over the service lives of the employees based on current salaries. The scheme covers all confirmed employees. Although the scheme is unfunded, adequate arrangements are in place to ensure the Company's obligation under the scheme is met as they fall due.

j) Foreign currencies

Transactions denominated in foreign currencies are recorded in Naira at actual exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year-end are reported in Naira at the rates of exchange prevailing at the balance sheet date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

k) Provisions

A Provision is recognised when the company has present obligation, whether legal or constructive, as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation in accordance with Statement of Accounting Standard No 23 (SAS 23) issued by the Nigerian Accounting Standards Board on 1st June 2006. The effect of the adoption of this standard is shown in Note (m) below.

l) Segment reporting

A segment is a distinguishable component of the Company that is engaged in either providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. Segment information is required to be presented in respect of the Company's business and geographical segments, where applicable.

The Company's primary format for segment reporting is based on business segments. The business segments are determined by management based on the Company's internal reporting structure. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. This is based on Statement of Accounting Standards No. 24 introduced by the Nigerian Accounting Standards Board (NASB) in November 2006.

m) Dividend

Dividend on Ordinary Shares are appropriated from reserves and recognised as liability in the period in which they are declared until they are paid. Dividends that are proposed but not declared are disclosed in the notes to the financial statements. Prior to 2006, dividend payable was recognised in the year proposed by the Directors. The change in policy was as a result of the Statement of Accounting Standard No 23 (SAS 23) issued by the Nigerian Accounting Standards Board on 1 June 2006.

n) Cash and cash equivalents

For the purpose of the statement of cash flow, cash and cash equivalents comprises cash at bank, in hand and investments in money market instruments.

o) Basic earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of Ordinary Shares issue during the year.

p) Impairment

The carrying value of assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indications exist, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying value of an asset exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account.

2. PROFIT AND LOSS ACCOUNTS

	Notes	Dec. 2009 ₦'000	Dec. 2008 ₦'000	Dec. 2007 ₦'000	Dec. 2006 ₦'000	Dec. 2005 ₦'000
TURNOVER	2	35,012,079	16,453,711	5,473,439	6,029,209	4,005,101
Cost of sales		(16,274,565)	(8,252,141)	(2,711,089)	(3,070,499)	(1,785,720)
GROSS PROFIT		18,737,514	8,201,570	2,762,350	2,958,710	2,219,381
Operating expenses		(2,676,279)	(2,393,540)	(1,111,878)	(1,042,040)	(654,308)
		16,061,235	5,808,030	1,650,472	1,916,670	1,565,073
Other income	3(a)	180,486	143,833	272,927	1,605	3,639
OPERATING PROFIT		16,241,721	5,951,863	1,923,399	1,918,275	1,568,712
Interest expenses and similar charges	3(b)	(1,871,826)	(1,217,873)	(53,097)	(138,328)	(194,204)
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAXATION	4(a)	14,369,895	4,733,990	1,870,302	1,779,947	1,374,508
Exceptional items	4(b)	-	-	-	2,080,700	936,235
PROFIT AFTER EXCEPTIONAL ITEMS BUT BEFORE TAXATION		14,369,895	4,733,990	1,870,302	3,860,647	2,310,743
Taxation	6 (a)	943,915	(589,723)	(618,072)	(755,581)	(66,803)
PROFIT AFTER TAXATION		15,313,810	4,144,267	1,252,230	3,105,066	2,243,940
APPROPRIATION						
Transfer to general reserve	19	15,313,810	4,144,267	1,252,230	3,105,066	2,243,940
Earnings per share - (kobo)	5	391	132	45	145	453

3. BALANCE SHEETS

	Notes	Dec. 2009 ₦'000	Dec. 2008 ₦'000	Dec. 2007 ₦'000	Dec. 2006 ₦'000	Dec. 2005 ₦'000
NON- CURRENT ASSETS						
Tangible assets	7	41,929,519	41,950,588	33,458,355	25,222,805	11,634,314
Long-term investments	8	50	50	50	50	50
Deferred tax asset	9	469,053	-	-	-	-
TOTAL NON CURRENT ASSETS		42,398,622	41,950,638	33,458,405	25,222,855	11,634,364
CURRENT ASSET						
Stocks and work-in-progress	10	2,083,760	1,219,265	2,041,932	2,047,134	968,620
Trade debtors	11	787,087	28,832	127,907	76,722	52,924
Other debtors and prepayments	12	2,040,630	209,333	977,681	1,594,500	7,121,368
Amounts due from related parties	21(a)	169,966	624	624	-	-
Cash at bank and in hand		3,923,526	716,625	154,933	168,916	4,779
TOTAL CURRENT ASSETS		9,004,969	2,174,679	3,303,077	3,887,272	8,147,691
CURRENT LIABILITIES						
Trade and other creditors	13	6,846,694	5,014,472	3,843,555	4,315,336	3,561,302
Borrowings	14(a)	-	6,816,033	14,252,071	5,020,545	10,983,026
Amounts due to related parties	21(b)	19,188,840	16,361,264	7,272,480	4,994,213	5,420,055
Dividend payable	21	-	-	-	-	16,839
Taxation	6(b)	55,083	1,492,176	1,260,826	615,807	150,474
TOTAL CURRENT LIABILITIES		26,090,617	29,683,945	26,628,932	14,945,901	20,131,696
NET CURRENT LIABILITIES		(17,085,648)	(27,509,266)	(23,325,855)	(11,058,629)	(11,984,005)
TOTAL ASSETS LESS CURRENT LIABILITIES		25,312,974	14,441,372	10,132,550	14,164,226	(349,641)
NON -CURRENT LIABILITIES						
Borrowings	14(b)	-	(41,006)	(341,006)	(5,597,647)	(777,778)
Deferred tax liability	9	-	(538,003)	(179,630)	(206,577)	-
Provision for gratuity	15	(163,149)	(110,967)	(4,785)	(5,103)	(227,451)
NET ASSETS		**25,149,825**	**13,751,396**	**9,607,129**	**8,354,899**	**(1,354,870)**
CAPITAL AND RESERVES						
Share capital	16	1,957,764	1,566,211	1,392,188	1,237,500	247,500
Share premium	17	5,008,466	5,400,018	5,400,018	5,574,041	114,026
Reserve for bonus shares		-	-	174,023	154,688	-
Revaluation reserve	7(b)	2,534,897	2,534,897	2,534,897	2,534,897	2,534,897
General reserves	18	15,648,698	4,250,270	106,003	(1,146,227)	(4,251,293)
SHAREHOLDERS' FUNDS		**25,149,825**	**13,751,396**	**9,607,129**	**8,354,899**	**(1,354,870)**

4. STATEMENTS OF CASH FLOW

	Notes	Dec. 2009 ₦'000	Dec. 2008 ₦'000	Dec. 2007 ₦'000	Dec. 2006 ₦'000	Dec. 2005 ₦'000
Cash flows from operating activities						
Operating profit before working capital changes	20(a)	19,564,975	8,064,784	2,280,047	4,163,992	2,746,435
Working capital changes	20(b)	1,036,410	11,949,791	2,376,699	4,752,748	(601,976)
Tax paid	6(b)	(1,500,234)	-	-	-	-
Gratuity paid	15	-	(11,724)	(51,241)	(202,266)	-
Net cash inflow from operating activities		**19,101,151**	**20,002,851**	**4,605,505**	**8,714,474**	**2,144,459**
Cash flows from investing activities						
Purchase of fixed assets		(3,250,003)	(10,487,248)	(8,541,276)	(13,857,261)	(8,800,829)
Net cash outflow from investing activities		**(3,250,003)**	**(10,487,248)**	**(8,541,276)**	**(13,857,261)**	**(8,800,829)**
Cash flows from financing activities						
(Decrease)/increase in bank overdrafts		(727,855)	(2,442,524)	(588,868)	2,921,055	688,365
Loans (re-paid)/received		(6,129,184)	(5,293,514)	4,563,753	(4,104,673)	6,196,190
Proceeds from issue of debenture		-	-	-	41,006	-
Share issue expenses written off share premium		-	-	-	(182,536)	(39,374)
Proceeds from rights issue		-	-	-	6,787,239	-
Interest paid	3 (b)	(1,871,826)	(1,217,873)	(53,097)	(138,328)	(194,204)
Dividend paid	21	(3,915,382)	-	-	(16,839)	-
Net cash (outflow)/inflow from financing activities		**(12,644,247)**	**(8,953,911)**	**3,921,788**	**5,306,924**	**6,650,977**
Net increase/(decrease) in cash and cash equivalents		3,206,901	561,692	(13,983)	164,137	(5,393)
Cash and cash equivalents at 1 January		716,625	154,933	168,916	4,779	10,172
Cash and cash equivalents at 31 December		**3,923,526**	**716,625**	**154,933**	**168,916**	**4,779**

5. NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

1. The Company

Legal form

Benue Cement Company Plc (BCC) was incorporated as a private limited liability company on 16 July 1975 and commenced business on 15 August 1980. BCC was listed on the Nigerian Stock Exchange on 8 April 1991.

Dangote Industries Limited (DIL) provides the Company with technical and other services under a Technical and Management Services Agreement.

Principal activities

The Company's principal activity is the manufacture and sale of cement.

2. Turnover

	Dec. 2009 ₦'000	Dec. 2008 ₦'000	Dec. 2007 ₦'000	Dec. 2006 ₦'000	Dec. 2005 ₦'000
Cement sales – Bagged	35,010,836	16,393,614	5,381,680	6,029,209	4,004,101
Cement sales – Bulk	1,243	33,765	89,522	-	1,000
Cement sales – Clinker	-	26,332	2,237	-	-
	35,012,079	**16,453,711**	**5,473,439**	**6,029,209**	**4,005,101**

3. (a) Other income

Other income is analysed as follows:

	Dec. 2009 ₦'000	Dec. 2008 ₦'000	Dec. 2007 ₦'000	Dec. 2006 ₦'000	Dec. 2005 ₦'000
Sale of scrap	14,817	33,612	-	-	-
Haulage	26,683	39,605	-	-	-
Write back of provision no longer required	7,660	68,976	212,927	-	-
School fees	-	-	1,969	42	86
Interest income	124,729	-	-	-	-
Rental income	-	-	-	-	3,500
Miscellaneous income	6,597	1,640	58,031	1,563	53
	180,486	**143,833**	**272,927**	**1,605**	**3,639**

(b) Interest expenses and similar charges

Interest expense and similar charges are analysed as follows:

	Dec. 2009 ₦'000	Dec. 2008 ₦'000	Dec. 2007 ₦'000	Dec. 2006 ₦'000	Dec. 2005 ₦'000
Interest payable on long term loan	1,871,826	1,217,873	-	-	22,001
Interest on bank overdraft	-	-	14,483	37,166	143,667
Bank charges	-	-	38,614	101,162	28,536
	1,871,826	**1,217,873**	**53,097**	**138,328**	**194,204**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (Cont'd)

4. (a) Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	Dec. 2009 ₦'000	Dec. 2008 ₦'000	Dec. 2007 ₦'000	Dec. 2006 ₦'000	Dec. 2005 ₦'000
Directors' emoluments	48,589	46,148	740	740	740
Depreciation	3,271,072	1,827,635	305,725	268,770	224,243
Auditors' remuneration	15,000	12,000	8,000	4,200	3,000
Technical and management services fees	700,242	329,074	-	-	-
Equipment rental	7,588	-	-	-	-
Rental income	-	-	-	-	(3,500)
Exceptional income	-	-	-	(2,080,700)	-
Loss on disposal of fixed assets	-	158,380	-	-	-

(b) Exceptional items

Exceptional items are analysed as follows:

	Dec. 2009 ₦'000	Dec. 2008 ₦'000	Dec. 2007 ₦'000	Dec. 2006 ₦'000	Dec. 2005 ₦'000
Write back of engineering stock previously written off	-	-	-	-	582,908
Write back of provisions no longer required	-	-	-	1,041,777	353,327
Interest expenses waved	-	-	-	1,038,923	-
	-	**-**	**-**	**2,080,700**	**936,235**

5. Basic earnings/(loss) per ordinary share

Basic earnings per ordinary share is based on the profit after taxation and on the weighted average number of Ordinary Shares in issue at the end of each financial year:

	Dec. 2009 ₦'000	Dec. 2008 ₦'000	Dec. 2007 ₦'000	Dec. 2006 ₦'000	Dec. 2005 ₦'000
Profit after taxation	15,313,810	4,144,267	1,252,230	3,105,066	2,243,940
Issued and fully paid Ordinary Shares	3,915,528	3,132,422	2,784,376	2,145,000	495,000
Basic earnings per share	**391**	**132**	**45**	**145**	**453**

6. Taxation

a. Per Profit and Loss

	Dec. 2009 ₦'000	Dec. 2008 ₦'000	Dec. 2007 ₦'000	Dec. 2006 ₦'000	Dec. 2005 ₦'000
Income tax	51,640	93,483	600,975	-	-
Minimum tax	-	-	-	465,037	16,103
Education tax	3,443	137,867	44,044	83,967	50,700
Under provision in prior year:	-	-	-	-	-
Income tax	2,730	-	-	-	-
Education tax	5,328	-	-	-	-
	63,141	231,350	645,019	549,004	66,803
Deferred tax	(1,007,056)	358,373	(26,947)	206,577	-
	(943,915)	**589,723**	**618,072**	**755,581**	**66,803**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (Cont'd)

b. Per Balance Sheet

	Dec. 2009 ₦'000	Dec. 2008 ₦'000	Dec. 2007 ₦'000	Dec. 2006 ₦'000	Dec. 2005 ₦'000
At 1 January	1,492,176	1,260,826	615,807	150,474	83,671
Charge for the year					
Income tax	51,640	93,484	600,975	465,037	16,103
Education tax	3,443	137,866	44,044	83,967	50,700
Under/(over) provision in prior years	8,058	-	-	(83,671)	-
Payment during the year					
Income tax	(1,178,328)	-	-	-	-
Education tax	(321,906)	-	-	-	-
At 31 December	**55,083**	**1,492,176**	**1,260,826**	**615,807**	**150,474**

c. The Company was granted a pioneer status for a period of three years with effect from 1 January 2009. The Company is therefore exempted from payment of income tax in respect of profits accruing from manufacturing and sale of cement during the period to 31 December 2011. The amount provided as income tax is in respect of income not exempted under the Pioneer legislation as stated in the Industrial Development (Income Tax relief) Act CAP 17, LFN 2004.

7. Fixed assets

(a) Net book value

	Dec. 2009 ₦'000	Dec. 2008 ₦'000	Dec. 2007 ₦'000	Dec. 2006 ₦'000	Dec. 2005 ₦'000
Cost /Valuation					
Leasehold land and buildings	5,966,372	5,482,853	2,855,185	2,701,956	2,680,283
Plant and machinery	39,490,585	37,891,051	2,122,762	2,100,355	2,078,688
Motor Vehicles	574,108	517,869	311,016	266,021	50,671
Furniture, fittings and equipment	228,678	214,172	158,045	120,702	104,956
Capital work -in- progress	1,625,618	529,413	30,535,902	22,252,601	8,669,776
	47,885,361	**44,635,358**	**35,982,910**	**27,441,635**	**13,584,374**
Accumulated depreciation					
Leasehold land and buildings	824,123	682,144	577,890	507,502	440,328
Plant and machinery	4,628,249	1,653,787	1,726,450	1,576,000	1,425,434
Motor Vehicles	359,319	228,757	122,684	50,445	6,419
Furniture, fittings and equipment	144,151	120,082	97,531	84,883	77,879
Capital work -in- progress	-	-	-	-	-
	5,955,842	**2,684,770**	**2,524,555**	**2,218,830**	**1,950,060**
Net book value	**41,929,519**	**41,950,588**	**33,458,355**	**25,222,805**	**11,634,314**
Depreciation charge for the year	3,271,072	1,827,635	305,725	268,770	224,243

(b) The Company revalued its land and buildings, plant and machinery, furniture, fixtures, fittings, equipment and motor vehicles as at 31 December 1999. The revaluation was carried out by Messrs Jide Taiwo & Co., Estate Surveyors and Valuers on the basis of Open Market Value (with recourse to Depreciated Replacement Cost) between a willing buyer and a willing seller. The revised value of land and building at Tse-Kucha was ₦2,572,570,000 resulting in a surplus on revaluation of ₦2,534,897,100 which has been credited to a fixed assets revaluation account at that date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (Cont'd)

(c) Capital commitments

	Dec. 2009 ₦'000	Dec. 2008 ₦'000	Dec. 2007 ₦'000	Dec. 2006 ₦'000	Dec. 2005 ₦'000
Capital expenditure approved but not contracted	2,357,238	1,665,485	9,000,000	-	-

8. Long term investments (Unquoted)

	Dec. 2009 ₦'000	Dec. 2008 ₦'000	Dec. 2007 ₦'000	Dec. 2006 ₦'000	Dec. 2005 ₦'000
Lion Football Club Limited (Cost)	50	50	50	50	50

9. Deferred tax (asset)/liability

The movement on the deferred tax (asset)/liability account is as follows:

	Dec. 2009 ₦'000	Dec. 2008 ₦'000	Dec. 2007 ₦'000	Dec. 2006 ₦'000	Dec. 2005 ₦'000
At 1 January	538,003	179,630	206,577	-	-
Charge/(credit) for the year	1,007,056)	358,373	(26,947)	206,577	-
At 31 December	**(469,053)**	**538,003**	**179,630**	**206,577**	**-**

10. Stocks and work-in-progress

Stocks and work-in-progress are analysed as follows:

	Dec. 2009 ₦'000	Dec. 2008 ₦'000	Dec. 2007 ₦'000	Dec. 2006 ₦'000	Dec. 2005 ₦'000
Raw Materials	1,065,991	383,634	291,109	305,048	207,544
Work-in-progress	254,212	196,116	104,520	65,969	191,312
Finished Goods	190,142	120,102	-	-	-
Engineering and consumable stores	1,000,620	825,413	1,646,303	1,676,117	569,764
	2,510,965	1,525,265	2,041,932	2,047,134	968,620
Provision for obsolescence and slow-moving items	(427,205)	(306,000)	-	-	-
	2,083,760	**1,219,265**	**2,041,932**	**2,047,134**	**968,620**

11. Trade debtors

	Dec. 2009 ₦'000	Dec. 2008 ₦'000	Dec. 2007 ₦'000	Dec. 2006 ₦'000	Dec. 2005 ₦'000
Trade debtors	810,033	47,557	127,907	76,722	211,113
Provision for bad and doubtful debts	(22,946)	(18,725)	-	-	(158,189)
	787,087	**28,832**	**127,907**	**76,722**	**52,924**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (Cont'd)

12. Other debtors and prepayments

Other debtors and prepayments are analysed as follows:

	Dec. 2009	Dec. 2008	Dec. 2007	Dec. 2006	Dec. 2005
	₦'000	₦'000	₦'000	₦'000	₦'000
Sundry receivables	151,361	9,277	36,509	51,679	181,348
Staff receivables	165,464	14,108	29,871	35,440	20,056
Advance payment to suppliers	1,182,383	588,760	959,163	1,525,849	6,530,320
Deposits for imports	958,991	58,873	257,362	208,668	389,644
	2,458,199	671,018	1,282,905	1,821,636	7,121,368
Provision for doubtful balances	(417,569)	(461,685)	(305,224)	(227,136)	-
	2,040,630	**209,333**	**977,681**	**1,594,500**	**7,121,368**

13. Trade and other creditors

Trade and other creditors are analysed as follows:

	Dec. 2009	Dec. 2008	Dec. 2007	Dec. 2006	Dec. 2005
	N'000	N'000	N'000	N'000	N'000
Trade creditors	1,769,156	1,358,889	1,968,066	2,236,907	1,657,471
Customers' deposits	585,541	798,344	-	-	-
Other Creditors	390,772	1,912,567	868,023	885,916	1,135,567
Accrued expenses	4,001,225	844,672	907,466	1,092,513	668,264
Deposit for shares	100,000	100,000	100,000	100,000	100,000
	6,846,694	**5,014,472**	**3,843,555**	**4,315,336**	**3,561,302**

14. Borrowings

(a) Amounts falling due within one year:

	Dec. 2009	Dec. 2008	Dec. 2007	Dec. 2006	Dec. 2005
	₦'000	₦'000	₦'000	₦'000	₦'000
Bank Overdraft	-	727,855	3,170,379	3,759,247	838,192
Bank Loans	-	1,760,648	6,881,692	1,261,298	10,144,834
Commercial papers	-	4,327,530	4,200,000	-	-
	-	**6,816,033**	**14,252,071**	**5,020,545**	**10,983,026**

(b) Amounts falling due after one year:

	Dec. 2009	Dec. 2008	Dec. 2007	Dec. 2006	Dec. 2005
	₦'000	₦'000	₦'000	₦'000	₦'000
Bank loans	-	-	300,000	5,556,641	777,778
FGN Debenture	-	41,006	41,006	41,006	-
	-	**41,006**	**341,006**	**5,597,647**	**777,778**

15. Provision for gratuity

	Dec. 2009	Dec. 2008	Dec. 2007	Dec. 2006	Dec. 2005
	₦'000	₦'000	₦'000	₦'000	₦'000
At 1 January	110,967	4,785	5,103	227,451	210,206
Payments during the year	-	(11,724)	(51,241)	(202,266)	-
Provision for the year	52,182	117,906	50,923	30,236	17,245
Write back	-	-	-	(50,318)	-
At 31 December	**163,149**	**110,967**	**4,785**	**5,103**	**227,451**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (Cont'd)

16. Share capital

(a) Authorised

	Dec. 2009 ₦'000	Dec. 2008 ₦'000	Dec. 2007 ₦'000	Dec. 2006 ₦'000	Dec. 2005 ₦'000
5,000,000,000 Ordinary Shares of 50k each	**2,500,000**	**2,500,000**	**1,500,000**	**1,500,000**	**1,500,000**

(b) Issued and fully paid

At 1 January	1,566,211	1,392,188	1,237,500	247,500	247,500
Rights Issue	-	-	-	990,000	-
Bonus Issue	391,553	174,023	154,688	-	-
At 31 December	**1,957,764**	**1,566,211**	**1,392,188**	**1,237,500**	**247,500**

17. Share premium

	Dec. 2009 ₦'000	Dec. 2008 ₦'000	Dec. 2007 ₦'000	Dec. 2006 ₦'000	Dec. 2005 ₦'000
At 1 January	5,400,018	5,400,018	5,574,041	114,026	153,400
Share premium from rights issue	-	-	-	5,797,239	-
Share issue expenses	-	-	-	(182,536)	(39,374)
Reserve for bonus issue	(391,552)	-	(174,023)	(154,688)	-
At 31 December	**5,008,466**	**5,400,018**	**5,400,018**	**5,574,041**	**114,026**

18. General reserves

	Dec. 2009 ₦'000	Dec. 2008 ₦'000	Dec. 2007 ₦'000	Dec. 2006 ₦'000	Dec. 2005 ₦'000
At 1 January	4,250,270	106,003	(1,146,227)	(4,251,293)	(6,495,233)
Transfer from Profit and Loss account	15,313,810	4,144,267	1,252,230	3,105,066	2,243,940
Dividend paid	(3,915,382)	-	-	-	-
At 31 December	**15,648,698**	**4,250,270**	**106,003**	**(1,146,227**	**(4,251,293)**

19. Notes to the statement of cash flows

The cash flow statement has been drawn up using the indirect method. Working capital changes comprises changes in debtors, prepayments and current liabilities. Cash flows from investing activities relate to the net amount of investments and disposals. Cash flows from financing activities relate to the net amount of payments made for financing business activities in the year and changes in borrowings. The net cash position consists of cash on hand and at bank.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (Cont'd)

	Dec. 2009 ₦'000	Dec. 2008 ₦'000	Dec. 2007 ₦'000	Dec. 2006 ₦'000	Dec. 2005 ₦'000
(a) Operating profit before working capital changes					
Profit before taxation	14,369,895	4,733,990	1,870,302	1,779,947	1,374,508
Add back:					
Interest expenses	1,871,826	1,217,873	53,097	138,328	194,204
Operating profit	16,241,721	5,951,863	1,923,399	1,918,275	1,568,712
Adjustment for non-cash items:					
Loss on disposal of fixed assets	-	167,380	-	-	-
Depreciation	3,271,072	1,827,635	305,725	268,770	224,243
Provision for gratuity	52,182	117,906	50,923	(20,082)	17,245
Exceptional items	-	-	-	2,080,700	936,235
Correction of prior year error	-	-	-	(83,671)	-
	19,564,975	**8,064,784**	**2,280,047**	**4,163,992**	**2,746,435**
(b) Working capital changes					
(Increase)/decrease in stocks and work-in-progress	(864,495)	822,667	5,202	(1,078,514)	(929,564)
(Increase)/decrease in trade debtors	(758,255)	99,075	(51,185)	(23,798)	(43,434)
(Increase)/decrease in other debtors and prepayments	(1,831,297)	768,348	616,819	5,526,868	(2,722,809)
(Increase)/decrease in amount due from related companies	(169,342)	-	(624)	-	-
Increase/(decrease) in creditors and accruals	1,832,223	1,170,917	(471,780)	754,034	1,020,166
Increase/(decrease) in amount due to related company	2,827,576	9,088,784	2,278,267	(425,842)	2,073,665
	1,036,410	**11,949,791**	**2,376,699**	**4,752,748**	**(601,976)**

20. Dividend

	Dec. 2009 ₦'000	Dec. 2008 ₦'000	Dec. 2007 ₦'000	Dec. 2006 ₦'000	Dec. 2005 ₦'000
At 1 January	-	-	-	16,839	16,839
Interim dividend	3,915,382	-	-	-	-
Payment during the year	(3,915,382)	-	-	(16,839)	-
At 31 December	**-**	**-**	**-**	**-**	**16,839**

21. Related party transactions

(a) Amounts due from related parties:

Savannah Sugar Company Limited	1,086	624	624	-	-
Dangote Cement Plc	168,880	-	-	-	-
	169,966	**624**	**624**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (Cont'd)

(b)Amounts due to related parties:

Dangote Industries Limited	6,102,615	6,817,189	7,037,256	4,509,602	5,420,055
Dangote Sugar Refinery Plc	935,319	1,672,257	116,832	329,980	-
Dangote Agro Sacks Plc	216,732	683,347	36,508	142,980	-
Dangote Group and Star Limited	-	-	72,914	-	-
Bulk Commodities	1,896,389	1,426,730	-	-	-
Obajana Cement Plc - Kogi	2,489,725	2,968,663	8,970	5,825	-
Obajana Cement Plc - Lagos Terminal	7,548,060	2,793,078	-	5,826	-
	19,188,840	**16,361,264**	**7,272,480**	**4,994,213**	**5,420,055**

22.Technical know-how and business support agreement

The Company has a Technical and Management Services Agreement with Dangote Industries Limited (DIL). Under the terms of the agreement, DIL provides technical support and expertise to the Company. The fee payable under the agreement is computed at 2% of net sales (see Note 4).

23.Segment reporting

Nigeria is the Company's primary geographical segment as the turnover is wholly derived locally. Additionally, all of the Company's sales comprise of cement. Accordingly, no further business or geographical segment information is reported.

24.Contingent liabilities

No provision has been recorded in respect of contingent liabilities in respect of litigation against the Company as at end of 2009 amounting to ₦67 million (2008:₦61 million). The directors are of the opinion that the liabilities arising, if any, are not likely to be significant.

25.Financial commitments

The directors are of the opinion that all known liabilities and commitments which are relevant in assessing the Company's state of affairs, have been taken into account in the preparation of these financial statements.

26.Employee remuneration

The number of employees of the Company who received emoluments, excluding certain benefits and pension costs during the year is as follows:

₦ – ₦	**2009 Number**	**2008 Number**	**2007 Number**	**2006 Number**	**2005 Number**
250,001 - 300,000	-	-	-	555	-
300,001 - 400,000	66	20	86	21	586
400,001 - 500,000	234	109	165	-	-
500,001 - 600,000	156	62	310	78	-
600,001 - 700,000	72	146	94	-	-
700,001 - 800,000	68	123	44	41	-
800,001 - 900,000	127	34	19	-	-
Above 900,000	133	406	79	29	-
	856	**900**	**797**	**724**	**586**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 (Cont'd)

27.Adjustments to Balance sheet and Profit and loss account

	Dec. 2009 ₦'000	Dec. 2008 ₦'000	Dec. 2007 ₦'000	Dec. 2006 ₦'000	Dec. 2005 ₦'000
Adjustments to Balance sheet					
Deferred taxation					
Balance per audited financials	538,003	-	-	-	-
Recognition of deferred tax assets previously omitted	(1,007,056)	-	-	-	-
Restated balance	**(469,053)**	**-**	**-**	**-**	**-**
Stocks and work-in-progress					
Balance per audited financials	2,018,979	-	-	-	-
Impact of various adjustments and reclassifications	64,781	-	-	-	-
Restated balance	**2,083,760**	**-**	**-**	**-**	**-**
Fixed assets					
Balance per audited financials	40,456,072	-	-	-	17,834,056
Effect of reclassifications recorded	1,473,447	-	-	-	(6,199,742)
Restated balance	**41,929,519**	**-**	**-**	**-**	**11,634,314**
Other debtors and prepayments					
Balance per audited financials	3,514,077	-	-	-	921,626
Effect of reclassifications recorded	(1,473,447)	-	-	-	6,199,742
Restated balance	**2,040,630**	**-**	**-**	**-**	**7,121,368**
Trade and other creditors					
Balance per audited financials	6,715,774	-	-	-	-
Impact of various adjustments and reclassifications	30,920	-	-	-	-
Restated balance	**6,746,694**	**-**	**-**	**-**	**-**
Adjustments to Profit and loss account					
Cost of sales					
Amount per audited financials	13,300,104	-	-	-	-
Impact of reclassification	2,974,461	-	-	-	-
Restated amount	**16,274,565**	**-**	**-**	**-**	**-**
Operating expenses					
Amount per audited financials	5,584,600	-	-	-	-
Impact of reclassification	(2,908,321)	-	-	-	-
Restated amount	**2,676,279**	**-**	**-**	**-**	**-**

C. MEMORANDUM ON THE PROFIT FORECAST OF BCC

LETTER RELATING TO THE PROFIT FORECAST

Tuesday, 03 August 2010

THE DIRECTORS
The Directors
Benue Cement Company Plc
Km 72 Makurdi - Gboko Road
Tse-Kucha
P.M.B.063 Gboko
Benue State

and

THE DIRECTORS
Stanbic IBTC Bank Plc
IBTC Place
Walter Carrington Crescent
Victoria Island
Lagos State

REPORT ON THE PROFIT FORECAST

We have examined the accompanying profit forecast of Benue Cement Company ("the Company") for the years ending 31 December 2010, 2011 and 2012 in accordance with the International Standard on Assurance Engagements ("ISAE 3400") applicable to the examination of prospective financial information. The Directors of the Company are solely responsible for the forecast including the assumptions set out on pages 82 to 83 on which it is based.

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the forecast. Furthermore, in our opinion, the forecast is properly compiled on the basis of the assumptions made by the Directors and is prepared on a basis consistent with accounting policies to be normally adopted by the Company. Actual results are likely to be different from the forecast since anticipated events frequently do not occur as expected and the variation may be material.

Finally, we emphasise that the forecast information is not intended to, and does not, provide all the information and disclosures necessary to give a fair presentation of the results of the operations of the Company in accordance with Statements of Accounting Standards applicable in Nigeria, the Companies and Allied Matters Act of Nigeria, the Investment and Securities Act 2007 and the rules and regulations of the Securities and Exchange Commission.

Yours faithfully,

KPMG
Oladapo R. Okubadejo

KPMG PROFESSIONAL SERVICES
Reporting Accountants

D. PROFIT FORECAST FOR BCC

The Directors estimate that, in the absence of unforeseen circumstances and based on assumptions set out on pages 82 and 83, the Company's profit forecasts for years 2010 to 2012 will be as shown below:

	2010	2011	2012
	₦'000	**₦'000**	**₦'000**
Turnover	53,785,476	71,666,667	85,714,286
Cost of sales	(26,624,322)	(36,300,438)	(44,741,820)
Gross profit	**27,161,154**	**35,366,229**	**40,972,466**
Operating expenses	(5,561,972)	(6,082,695)	(6,620,320)
Operating profit	**21,599,182**	**29,283,534**	**34,352,146**
Interest expense	(993,121)	(456,195)	(152,065)
Profit before tax	**20,606,061**	**28,827,339**	**34,200,081**
Tax	-	-	(8,354,500)
Profit after tax	**20,606,061**	**28,827,339**	**25,845,581**
Proposed dividend	(15,454,546)	(21,620,504)	(19,384,186)
Retained earnings for the year	5,151,515	7,206,835	6,461,395
Earnings per share (EPS)*	526k	736k	660k
Dividend per share (DPS)*	395k	552k	495k

* EPS & DPS were calculated based on issued and fully paid 3,915,527,344 Ordinary Shares over the forecast period.

E. BASES AND ASSUMPTIONS FOR THE PROFIT FORECAST OF BCC
For the years ending 31 December 2010 – 2012

The forecasts have been arrived at on the following bases and assumptions:

Basis

The profit forecasts for the years ending 31 December 2010 to 2012 have been prepared in a basis consistent with the accounting policies adopted by the Company.

General Assumptions

Changes in Accounting Policies

a) There will be no material changes in the accounting policies currently adopted by the Company.

Political and Economic Climate

b) There will be no significant changes in the Federal Government's monetary and fiscal policies that will adversely affect the operations of the Company; neither will there be any drastic change in the political and economic environment in general, and the manufacturing sector in particular, that will adversely affect the operations of the Company.

Going Concern

c) The quality of the Company's management will be sustained during the forecast period.

d) The Company will continue to enjoy the goodwill and confidence of present and future customers, and strategic partners.

e) There will be no litigation with adverse material consequence to the Company.

Exchange Rate and Inflation

f) The Naira/US$ exchange rate is assumed to devaluate annually by the inflation rate and will remain at an average of ₦161 to US$1 over the forecast period.

g) Cost inflation has been assumed at 5%. This has been due to the exclusion of significant proportion of food items in the regular inflation rate (estimated as 10.3% year on year) as per the consumer price index.

Sales Revenue, Production Capacity and Utilisation

h) There has been a significant increase in cement production capacity from 2008 to date with the commissioning of a second kiln line. Production capacity will increase further from 3 million metric tonnes in 2010 to 3.5 million metric tonnes and 4 million metric tonnes in 2011 and 2012 respectively.

i) Capacity utilisation is forecast to increase to 75% in 2010 and 90% in 2012 as a result of:
   i. Issuance of new guidelines by the government restricting quantities of cement importation, significantly increasing the import duty on bulk cement importation (from 5% to 35%) and cancelling all import licenses previously issued but unutilised. This is expected to result in a significant increase in demand for locally produced cement.
   ii. Reduction in cost per litre of low pour fuel oil (LPFO) for production and increased local supply of fuel (from the Kaduna and Warri refineries).

j) Selling price per tonne of cement is kept constant throughout the forecast period.

k) Cement dispatch will equal cement production over the forecast period.

The analysis of forecast revenues is as follows:

	2010	2011	2012
Cement production capacity ('000 tonnes)	3,000	3,500	4,000
Capacity utilisation (%)	75.0%	86.0%	90.0%
Cement production ('000 tonnes)	2,259	3,010	3,600
Cement dispatch ('000 tonnes)	2,259	3,010	3,600
Selling price (₦ per '000 tonnes)	23,810	23,810	23,810
Sales revenue (₦'million)	53,785	71,667	85,714

Material Usage and Prices

l) Usage of key production materials - fuel, power, gypsum, explosives, refractory bricks etc - will remain in line with current trends; marginal efficiencies are expected to be achieved with increases in production.

m) The production fuel currently in use is LPFO; however, an additional fuel (coal) will be introduced from 2011.

n) Current material prices are assumed to increase in line with cost inflation rate over the forecast period.

Cost to Income

o) Cost of sales to turnover and operating expenses to turnover averaged 51% and 9% respectively over the forecast period.

Capital Expenditure and Depreciation

p) Sustainable capital expenditure is estimated at USD$5 per tonne of cement.

q) A five year average useful life has been estimated for all assets, implying a depreciation rate of 20%.

Pioneer Status

r) The Company was granted a pioneer status of three years with effect from 1 January 2009. The Company is therefore exempt from the payment of income tax in respect of profits accruing from the manufacture and sale of cement during the period to 31 December 2011.

Dividend Payout Rate

Dividends will be paid at the rate of 75% of profit after tax.

F. LETTER FROM THE FINANCIAL ADVISER ON THE PROFIT FORECAST

The following is a copy of a letter from Stanbic IBTC Bank Plc, Financial Adviser to BCC, on the Profit Forecast.

Tuesday, 03 August 2010

THE DIRECTORS
The Directors
Benue Cement Company Plc
Km 72 Makurdi - Gboko Road
Tse-Kucha
P.M.B.063 Gboko
Benue State

Gentlemen,

PROPOSED MERGER BETWEEN DANGOTE CEMENT PLC AND BENUE CEMENT COMPANY PLC

We refer to the Scheme Document in respect of the above subject addressed to your shareholders, the draft of which we have had the privilege of studying. The Scheme Document contains a forecast of the profits of the company for the years ending 31 December 2010, 2011 and 2012.

We have discussed with yourselves and with KPMG Professional Services, Reporting Accountants, the bases and assumptions upon which the forecast was made. We have also considered the letter dated Tuesday, 03 August 2010 from the Reporting Accountants regarding the accounting bases and calculations upon which the forecast was compiled.

Having considered the assumptions made by you as well as the accounting bases and calculations reviewed by KPMG Professional Services, we consider that the forecast (for which you as Directors are solely responsible) has been made by you after due and careful enquiry.

Yours faithfully

CHRIS NEWSON
Managing Director/CEO
Stanbic IBTC Bank Plc

G. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the offices of Stanbic IBTC until the Effective Date:

a) Certificate of Incorporation of BCC;

b) The Memorandum and Articles of Association of BCC;

c) The audited financial statements of BCC for each of the five years ended 31 December 2009;

d) The report of KPMG Professional Services, the Reporting Accountants, on the audited financial statements for each of the five years ended 31 December 2009;

e) The memorandum of KPMG Professional Services, the Reporting Accountants on the Profit Forecast for the years ending 31 December 2010, 2011, 2012.

f) The letter from Stanbic IBTC on the Profit Forecast;

g) The schedule of claims and litigations referred to on Page 89;

h) The material contracts referred to on Page 89; and

i) The written consents referred to on Page 90.

APPENDIX III – PRO-FORMA STATEMENT OF THE POST MERGER DANGOTE CEMENT PLC

A. PRO-FORMA SHAREHOLDING

Upon the Scheme of Merger taking effect in accordance with the terms and conditions stated in this document, the Ordinary Shares of the Post Merger-Dangote Cement will be beneficially held as follows:

Merger Entity	Total Shares	% Holding
Dangote Industries Limited	14,870,726,310	95.9
Scheme Shareholders	494,019,668	3.19
Other shareholders	129,273,690	0.83
Total	**15,494,019,668**	**100.00%**

Except as stated above, no shareholder will hold more than 5% of the issued share capital of the Company.

B. PRO-FORMA BALANCE SHEET OF THE ENLARGED DANGOTE CEMENT PLC

The unaudited pro-forma balance sheet set out hereunder has been prepared to illustrate the effect on the Net Assets of DCP as if the Scheme had occurred by December 31, 2009.

The unaudited pro-forma financial information has been prepared for illustrative purposes only and, given its nature, may not give a true picture of the net assets which would have been reported if the transactions had occurred on December 31, 2009. No adjustments have been made to take account of the trading or other changes in the financial position of DCP or BCC after December 31, 2009

Notes

i. Information on DCP has been extracted from the financial information set out on pages 33 to 60 of this document

ii. Information on BCC has been extracted from the financial information set out on pages 61 to 85 of this document

iii. Notes to the Consolidation Adjustments:

a. The effect of the merger is the acquisition of the balance of 988,039,336 ordinary shares of BCC not previously owned by DCP and BCC being dissolved without being wound up. Consolidation treatment involves the assumption of the Non-Controlling Interest in BCC in consideration of the issuance of 494,019,668 Ordinary Shares of DCP to BCC's minority shareholders

b. The cost of the merger has been adjusted against Share Premium

c. Share Capital has also been adjusted for the bonus issue of 14,000,000,000 ordinary shares by DCP pre-merger

Pro-Forma Balance Sheet

AS 31ST DECEMBER	DCP 2009 N'000 Note 1	BCC 2009 N'000 Note 2	Consolidation Adjustments + N'000 Note 3	Consolidation Adjustments - N'000	POST Merger DCP 2009 N'000 Unaudited
ASSETS					
Fixed assets	186,393,346	41,929,519			186,393,346
Investment	99,050	50			99,050
Other Debtors and Prepayments	39,093,319	2,040,630			39,093,319
Due from related companies	50,367,110	169,966			50,367,110
Deferred Tax Asset		469,053			-
Cash and short term investments	20,185,976	3,923,526			20,185,976
Stock	13,374,105	2,083,760			13,374,105
Trade Debtors	6,825,714	787,087			6,825,714
	316,338,620	51,403,591	-	-	316,338,620
LIABILITIES:					
Amounts falling due within one (1) year					
Bank loans and overdrafts	3,272,082	-			3,272,082
Trade creditors	4,714,983	2,354,697			4,714,983
Sundry creditors	30,965,912	4,491,997	588,951		31,554,863
Due to related companies	34,382,780	19,188,840			34,382,780
Short term debts	14,789,269	-			14,789,269
Taxation	4,347,342	55,083			4,347,342
	92,472,368	26,090,617	588,951	-	93,061,319
Total Assets less liabilities	223,866,252	25,312,974	(588,951)	-	223,277,301
Deferred taxation	(9,474,955)	-			(9,474,955)
CREDITORS: Amount falling due after more than one year					
Long term debts	(49,619,797)	-			(49,619,797)
PROVISION FOR LIABILITIES AND CHARGES					
Staff retirement benefits	(981,244)	(163,149) -			(981,244)
	163,790,256	**25,149,825**	**(588,951)**	**-**	**163,201,305**
FINANCED BY:					
Share Capital	500,000	1,957,764	7,247,010		7,747,010
Share Premium	42,430,000	5,008,466	6,121,937	(835,961)	47,715,976
Capital reserve	15,556,084	-			15,556,084
Revenue reserve	98,196,429	15,648,698		(7,000,000)	91,196,429
Revaluation reserve	985,805	2,534,897			985,805
SHAREHOLDERS' FUND	**157,668,319**	**25,149,825**			**163,201,305**
Non-Controlling interest	6,121,937			(6,121,937)	-
	163,790,256	**25,149,825**			**163,201,305**

C. PRO- FORMA PROFIT FORECASTS OF THE ENLARGED DANGOTE CEMENT PLC

The post-merger DCP forecasts for the years ending 31 December 2010, 2111, 2012, 2013 and 2014 reflect the aggregate of the respective companies, based on present circumstances as to the set of operating and economic conditions for the relevant period.

Due care and attention has been given to the preparation of the post merger DCP forecast. However forecast by their nature are subject to uncertainties and contingencies, many of which will be outside the control of merged DCP and its directors.

Further anticipated events and circumstances often do occur as expected. Therefore actual results may differ from forecasts. Accordingly, the directors of DCP and BCC cannot guarantee the achievement of the post- merger DCP forecasts for the periods ending 31 December 2010, 2011, 2012, 2013 and 2014.

	2010	2011	2012	2013	2014
	N'000	N'000	N'000	N'000	N'000
Turnover	225,878,619	397,954,678	510,820,418	512,771,363	537,364,955
Cost of Sales	(98,623,398)	(142,475,655)	(172,419,152)	(182,271,501)	(189,001,449)
Gross Profit	**127,255,221**	**255,479,023**	**338,401,266**	**330,499,862**	**348,363,506**
Operating Expenses	(4,900,117)	(5,581,604)	(5,939,796)	(6,095,355)	(6,228,854)
Operating Profit	**122,355,104**	**249,897,419**	**332,461,470**	**324,404,507**	**342,134,651**
Interest (Expense)/Income	(993,121)	(456,195)	(1,175,815)	11,026	33,630
Profit Before Taxation	**121,361,984**	**249,441,224**	**331,285,654**	**324,415,533**	**342,168,281**
Taxation	(2,568,575)	(1,828,437)	(9,499,992)	(11,572,277)	(81,482,520)
Profit After Taxation	**118,793,409**	**247,612,787**	**321,785,662**	**312,843,256**	**260,685,761**
Proposed Dividend	(89,095,056)	(185,709,590)	(241,339,247)	(234,632,442)	(195,514,321)
Retained Earnings for the year	**29,698,352**	**61,903,197**	**80,446,416**	**78,210,814**	**65,171,440**
Earnings per share	**767K**	**1,598K**	**2,077K**	**2,019K**	**1,682K**

Notes to the Pro-forma Forecasts

The forecast does not include any merger driven synergies and has been prepared on bases and assumptions consistent with the pre-merger DCP group forecasts.

APPENDIX IV - STATUTORY AND GENERAL INFORMATION

A. RESPONSIBILITY STATEMENT

The Directors of Dangote Cement and BCC have taken all reasonable care to ensure that the facts stated and opinions expressed in this document with regard to Dangote Cement and BCC respectively are both fair and accurate and confirm that to the best of their knowledge and having made all reasonable enquires, no material facts concerning their respective companies have been omitted. They accept responsibility for the facts stated herein accordingly.

B. CLAIMS AND LITIGATION

Dangote Cement

The Company in the ordinary course of business is currently involved in four (4) court cases, which are pending in various courts in Nigeria. The Company is a defendant in all the suits. The total sum of ₦41,997,857.15 (Forty-one Million, Nine hundred and ninety-seven thousand, eight hundred and fifty-seven Naira and fifteen kobo represents the total sum being claimed against the Company, while the total amount claimed by the Company in three of the suits by way of counter claim is ₦12,989,000.00 (Twelve Million Nine Hundred and Eighty-Nine Thousand Naira. The Solicitors to DCP in this Scheme are of the opinion that the maximum potential liability to the Company from these cases should not exceed the sum of ₦41,997,857.15 (Forty-one Million, Nine hundred and ninety-seven thousand, eight hundred and fifty-seven Naira and fifteen kobo. Save as disclosed, the Directors are not aware of any other pending or threatened claims or litigation involving the Company which may be material to the Scheme.

BCC

The Company is, in its ordinary course of business, involved in a total of 25 (twenty-five) cases. Of the 25 cases, 24 (twenty-four cases were instituted against the Company whilst the Company instituted 1 (one) case as Claimant. The Company has filed a counter-claim in one of the cases instituted against it and an appeal in connection with one of the cases in which Judgment was awarded against it. The total monetary claim in the 24 (twenty-four) cases instituted against the Company is approximately N217,662,580.84 (Two Hundred and Seventeen Million Six Hundred and Sixty Two Thousand Five Hundred and Eighty Naira Eighty Four Kobo), excluding interest and costs. The total sum claimed by the Company as Claimant in 1 suit and counter-claim instituted by it in another case is N7,000,000 (Seven Million Naira).

The Company's actual liability in the cases instituted against it will be as eventually determined by the courts upon conclusion of the matters. The Solicitors to the Company are of the opinion that the liability that may accrue to the Company from the cases instituted against it should not have any material adverse effect on the Transaction.

The Solicitors to the Company are aware that the Company has judgment debt in 2 decided cases where the courts had directed that the judgment debts should be calculated in accordance with the Plaintiffs' terms of employment and no specific amount was indicated.

The Company's Directors are also of the opinion that the aforementioned cases are not likely to have any material adverse effect on the Company and or the Transaction, and are not aware of any other pending and or threatened claims or litigation involving the Company."

C. MATERIAL CONTRACTS

The following contracts have been entered into by Dangote Cement and are considered material to the Scheme:

1. A Financial Advisory Services Agreement dated 09 February, 2010 between Dangote Cement on the one hand and Vetiva and Afrinvest on the other hand, which sets out the terms and conditions under which Vetiva and Afrinvest agreed to act as the Financial Advisers to Dangote Cement pursuant to the Scheme.

The following contracts have been entered into by BCC and are considered material to the Scheme:

2. A Financial Advisory Services Agreement dated Tuesday, 28 September 2010 between BCC and Stanbic IBTC, which sets out the terms and conditions under which Stanbic IBTC agreed to act as the Financial Adviser to BCC pursuant to the Scheme.

D. CONSENTS

The following have given and have not withdrawn their written consents to the issue of this Scheme Document with the inclusion of copies of their reports and references to their names in the forms and contexts in which they appear herein.

Directors of DCP	Alhaji Aliko Dangote *CON* (Chairman) Mr. Jagat Rathee (Managing) Alhaji. Sani Dangote Mr. Olakunle Alake Alhaji Abdu Dantata Mr. Devakumar Edwin Alhaji. Sada Ladan – Baki Mr. Festus Odimegwu Alhaji. Tajudeen Sijuade Mr. Knut Ulvmoen
Directors of BCC	Alhaji Aliko Dangote *CON* (Chairman) Mr. Shree Narendra Junnarkar (Managing) Mr. Olakunle Alake Chief Edward Kunavzua Ashiekaa Chief David Attah Devakumar Victor Gnandoss Edwin Basil Akerigba Kwembeh Mr Olusegun Olusanya Senator John Wash Pam Engr (Chief) Isaac Wakombo
Company Secretary to DCP	Mallam Mohammed Jibril
Company Secretary to BCC	Mr. Ityoyila Ukpi
Lead - Financial Adviser to DCP	Vetiva Capital Management Limited
Co - Financial Adviser to DCP	Afrinvest (West Africa) Limited
Financial Adviser to BCC	Stanbic IBTC Bank Plc
Auditors to DCP	Akintola Williams Deloitte Ahmed Zakari & Co.
Auditors to BCC	BDO Professional Services
Reporting Accountants to DCP	SIAO
Reporting Accountants to BCC	KPMG Professional Services
Solicitors to DCP	Olaniwun Ajayi LP
Solicitors to BCC	Banwo & Ighodalo

E. GENERAL INFORMATION

1. Except as otherwise disclosed herein, there is no agreement, arrangement or understanding between Dangote Cement and BCC or any other person acting in concert with the respective companies and any of the Directors or recent Directors, shareholders or recent shareholders of Dangote Cement and BCC in relation to the Scheme. There is no agreement, arrangement or understanding whereby the beneficial ownership of any of the assets, liabilities and undertakings of BCC to be transferred to the Post-Merger Dangote Cement pursuant to the Scheme will be transferred to any other person.

2. Except as otherwise disclosed in this document, no share or loan capital of Dangote Cement and BCC is under option nor agreed conditionally or unconditionally to be put under option.

3. Save as disclosed herein, the Directors of Dangote Cement and BCC have not been informed of any holding representing 5% or more of the issued share capital of Dangote Cement and BCC.

4. Except as otherwise disclosed in this document; there are no founders', management or deferred shares or any options outstanding in Dangote Cement and BCC.

5. Except as otherwise disclosed in this document, there are no material service agreements between Dangote Cement and BCC or any of their directors and employees other than in the ordinary course of business.

6. Except as otherwise disclosed in this document there are no contracts, which are or may be material, entered into by Dangote Cement and BCC with other parties other than in the ordinary course of business.

7. The directors of Dangote Cement are satisfied that the enlarged Dangote Cement by the implementation of the Scheme and taking into account credit and other facilities available, will have adequate working capital for its prospective needs.

8. The costs, charges and expenses of and incidental to the Scheme are estimated at ₦1.077 Billion and are payable by Dangote Cement and BCC.

NOTICE OF COURT ORDERED MEETING – DANGOTE CEMENT PLC

IN THE FEDERAL HIGH COURT OF NIGERIA
HOLDEN AT LAGOS

SUIT N0. FHC/CS/L/1038/10

IN THE MATTER OF

THE INVESTMENT AND SECURITIES ACT NO 29 2007 (ISA)
AND
IN THE MATTER OF AN APPLICATION UNDER PART XII ISA
AND

IN RE:

1. **DANGOTE CEMENT PLC** (RC 208767) **1st Applicant**
2. **BENUE CEMENT COMPANY PLC** (RC 15545) **2nd Applicant**

MEETING OF THE HOLDERS OF THE FULLY PAID ORDINARY SHARES OF DANGOTE CEMENT PLC

NOTICE IS HEREBY GIVEN that by the Order of the Federal High Court, sitting in Lagos (hereinafter called "the Court") dated Thursday, 26 August 2010 made in the above matter, the Court has directed that a meeting of the holders of the fully paid up Ordinary Shares of Dangote Cement Plc (hereinafter called "DCP") be convened for the purpose of considering and if thought fit, approving (with or without modification) a Scheme of Merger between DCP and Benue Cement Company Plc. The Scheme is explained in detail in the Explanatory Statement on Pages 16 to 25 of the Scheme Document.

The Meeting will be held on Tuesday, 28 September 2010 at Tahir Guest House, Kano at 10.00 am at which place and time all the aforesaid shareholders are requested to attend.

At the meeting, the following sub-joined resolutions will be proposed and if thought fit passed as a special resolution of the Company:

That the:

1. *"scheme of the proposed merger dated Tuesday, 24 August 2010 be approved and that the Directors be and are hereby authorised to consent to any modification of the scheme for the proposed merger that the Securities and Exchange Commission and the Federal High Court shall deem fit to impose and approve."*
2. *"Directors are hereby authorised to issue, allot and credit as fully paid 1 ordinary share of 50 Kobo each in Dangote Cement Plc's share capital for every 2 Benue Cement Company Plc Shares held as at the close of business on the terminal date."*
3. *"Directors are hereby authorised to take all necessary actions to effect the listing of the shares of Dangote Cement Plc on the Nigerian Stock Exchange"*
4. *"Directors are hereby authorised to take such other actions as may be necessary to give effect to the scheme."*

Shareholders may vote in person or they may appoint a proxy, whether a shareholder or not to attend and vote in their stead.

A form of proxy is being sent to each shareholder. In the case of joint shareholders, the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority will be determined by the order in which the names stand in the register of members of DCP.

It is requested that the executed Proxy Form be lodged at the office of the Company Secretary, as shown on the Proxy Form, not less than 24 hours before the time appointed for the Meeting.

Please note that the lodging of a Proxy Form does not prevent you from attending the meeting and voting in person should you so wish. However, in such instances, your proxy will not be entitled to attend or vote.

a. Qualification Date

The qualification date for the purpose of determining shareholders entitled to attend the court-ordered meeting is Monday, 30 August 2010.

Dated this Monday, 30 August 2010

OLANIWUN AJAYI LP, (*Solicitors to Dangote Cement Plc*)
Plot L2, 401 Close
Banana Island
Ikoyi, Lagos

IN THE FEDERAL HIGH COURT OF NIGERIA
HOLDEN AT LAGOS

SUIT N0. FHC/CS/L/1038/10

IN THE MATTER OF

THE INVESTMENT AND SECURITIES ACT NO 29 2007 (ISA)

AND

IN THE MATTER OF AN APPLICATION UNDER PART XII ISA
AND

IN RE:
1. **DANGOTE CEMENT PLC** (RC 208767) **1st Applicant**
2. **BENUE CEMENT COMPANY PLC** (RC 15545) **2nd Applicant**

MEETING OF THE HOLDERS OF THE FULLY PAID ORDINARY SHARES OF BENUE CEMENT COMPANY PLC

NOTICE IS HEREBY GIVEN that by the Order of the Federal High Court, sitting at Lagos (hereinafter called "the Court") dated Thursday, 26 August 2010 made in the above matter, the Court has directed that a meeting of the holders of the fully paid up Ordinary Shares of Benue Cement Company Plc (hereinafter called "BCC") be convened for the purpose of considering and if thought fit, approving (with or without modification) a Scheme of Merger between BCC and Dangote Cement Plc. The Scheme is explained in detail in the Explanatory Statement on Pages 16 to 25 of the Scheme Document.

The Meeting will be held on Tuesday, 28 September 2010 at Tahir Guest House, Kano at 11.00 am at which place and time all the aforesaid shareholders are requested to attend.

At the meeting, the following sub-joined resolutions will be proposed and if thought fit passed as a special resolution of the Company:

That the:

1. *"Scheme of the proposed merger dated Tuesday, 24 August 2010 be approved and that the Directors be and are hereby authorised to consent to any modification of the scheme for the proposed merger that the Securities and Exchange Commission and the Federal High Court shall deem fit to impose and approve."*
2. *"Directors are hereby authorised to effect the transfer of all the assets, liabilities and undertakings, including real properties and intellectual property rights of Benue Cement Company Plc to Dangote Cement Plc upon the terms and subject to the conditions set out in the scheme of merger.*
3. *"entire share capital of Benue Cement Company Plc be cancelled and the Company be dissolved without being wound up";*
4. *"Board of Directors are hereby authorised to take such actions as may be necessary to give effect to the scheme."*

Shareholders may vote in person or they may appoint another person, whether a shareholder or not to attend and vote in their stead.

A form of proxy is being sent to each shareholder. In the case of joint shareholders, the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority will be determined by the order in which the names stand on the register of members of BCC.

It is requested that the executed Proxy Form be lodged at the office of the Company Secretary, as shown on the Proxy Form, not less than 24 hours before the time appointed for the Meeting.

Please note that the lodging of a Proxy Form does not prevent you from attending the meeting and voting in person should you so wish. However, in such instances, your proxy will not be entitled to attend or vote.

a. Qualification Date

The qualification date for the purpose of determining shareholders entitled to attend the court-ordered meeting is Monday 30 August 2010.

Dated this Monday, 30 August 2010

BANWO & IGHODALO (*Solicitors to Benue Cement Company Plc*)
98 Awolowo Road,
South West Ikoyi,
Lagos