DANGOTE

DANGOTE CEMENT PLC

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

31ST DECEMBER, 2016

Content | **Page**

Deloitte.

AHMED ZAKARI & CO.
CHARTERED ACCOUNTANTS

Akintola Williams Deloitte
Civic Towers, Plot GA 1
Ozumba Mbadiwe Avenue
Victoria Island, Lagos
Nigeria
Tel: +234 1 2717800
Fax: +234 1 2717801
www.deloitte.com/ng

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

INDEPENDENT JOINT AUDITORS' REPORT
To the Shareholders of Dangote Cement Plc

Report on the audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the accompanying consolidated and separate financial statements of Dangote Cement Plc ("the Company") and its subsidiaries (together referred to as "the Group") which comprise the consolidated and separate statements of financial position as at 31 December 2016, the consolidated and separate statements of profit or loss, comprehensive income, changes in equity, cash flows for the year then ended, the notes to the consolidated and separate financial statements including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Dangote Cement Plc as at 31 December 2016 and the consolidated and separate financial performance and statement of cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act Cap C20 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the requirements of the Institute of Chartered Accountants of Nigeria Professional Code of Conduct and Guide for Accountants (ICAN Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report. The key audit matters below relate to the audit of the separate financial statements.

Key Audit Matter	How the matter was addressed in the audit
Financial Derivatives – FX Forwards	
In a bid to hedge against the effects of the volatility of the Nigerian Naira against the US dollar, the company entered into forex forward contracts with a local bank with the aim of obtaining foreign currency at a more stable and predictable rate in the future. The forward contracts involve making payments via the local bank, for US dollars at an agreed rate, on a future date, thus creating some predictability regarding the rates at which US dollars are obtained and its availability to transact the company's business. As disclosed in **note 4.1.2** to the financial statements, the company has assessed its capacity to obtain economic benefits arising from the forward contracts and determined it may not be able to realise the benefits of the forward contracts due to the scarcity of foreign currency in the market and has not recorded an asset with respect to the foreign currency forward contracts, hence, this is a key audit matter.	Our audit procedures incorporated a combination of tests of the company's controls relating to the recognition of the derivative asset and resultant income; and substantive procedures in respect of valuation of the payments made on the forward contracts. Our substantive procedures included the following: • Reviewing the forward contracts entered into with the local bank to obtain an understanding of the terms and conditions. • Reviewing company's valuation of the contracts and the various parameters used in the valuation. • Challenging the assumptions in the valuation of the derivatives through engagement of experts. • Challenging the assumptions and inputs used by the company in carrying out the valuation of the forward contracts. • Verifying the accuracy of the asset and resultant income, based on the results of the valuation. We assessed the company's decision not to recognise the asset (at fair value) related to forward contracts due to its inability to obtain economic benefits therefrom. We also assessed the adequacy of the company's disclosures in relation to the judgement applied to these balances. We found the operation of the controls relating to the valuation of the forward contracts to be operating effectively. We found the disclosures made in the financial statements to be adequate and we consider reasonable, the company's decision not to recognise the asset resulting from the foreign currency forward contracts, owing to the scarcity of foreign currency in the market.

Key Audit Matter	How the matter was addressed in the audit
Assumption of tax holiday in determining tax liability	
In determining the tax liability for the year, the directors have assumed that the Ibese production lines 1 - 4 and the Obajana production lines 3&4, both in Nigeria, are eligible for tax holiday (Pioneer holiday). The Ibese production lines 1&2 and the Obajana production line 3 enjoyed pioneer holidays for three years which expired on 31 December 2014 and 31 December 2015 respectively and require an extension, while the Ibese production lines 3&4 and the Obajana production line 4 are expansion projects requiring Pioneer Status Incentive (PSI) approval with effect from 1 February 2015. This is on the premise that the production lines have met all the necessary requirements to be granted tax holidays. As disclosed in note **4.1.3** to the financial statements, the directors have made a significant judgement in determining the tax liability for the year based on historical trends in obtaining pioneer status and the legal expert opinion. An additional tax charge of N64.4 billion (2015: N40.0 billion) would have been incurred by the company if this assumption was not made in determining the tax liability. This requires the directors' judgement in estimating future taxable income and is accordingly a key audit matter.	We involved a tax specialist to evaluate the recognition and measurement of the tax liability for the year. This included: • Assessing the requirements by the relevant regulations and government agencies that qualify businesses for pioneer holidays and verifying that the company has met all requirements to enable it obtain approval for the tax holiday. In the course of our assessment, we reviewed communications to the company from a relevant government agency which noted that the company's application for the grant of PSI on the expansion projects will be considered when the current suspension on the PSI Scheme is lifted while the application for extension is currently being reviewed. • Assessing the competence of company's legal counsel that was appointed to provide an opinion on the legal status of the company's pioneer status applications. • Reviewing the legal expert's opinion on the legal status of the company's pioneer status applications. • Reviewing the conditions required for granting of the pioneer status applications and confirming that the company met the prescribed conditions. Based on existing regulations, the legal expert's opinion and communications received from the government agency, we do not have any reason to believe that these pioneer status applications will not be approved with effect from the production day as applied for. We concur with the directors' assumptions in determining the tax liability for the year. We found the disclosures relating to the tax holiday status and assumptions to be appropriate.

Key Audit Matter	How the matter was addressed in the audit
Reconciliation of deposit for imports and advance to vendors accounts	
The company continues to expand its operations in Nigeria and Pan Africa which requires various significant procurements for equipment and spare parts. The procurements are made in the form of advance payments to vendors and/or deposits for imports. These advances are processed through the banks and the equipment and spare parts are shipped by the vendors, cleared at the seaport and transferred to the various locations. On receipt of the items into Stores or Project locations, the respective advances/deposits are cleared into the appropriate accounts from the advances to vendor/deposit for imports accounts. The clearance of these items requires proper and regular monitoring of the shipments through to the final locations. The transactions are usually significant in nature which increases the risk of incorrectly classifying received items as advances/deposits for imports. We consider this a key audit matter due to the significant nature of the transactions and classification of items of property, plant and equipment or inventories as advances/deposits.	We evaluated the company's schedule for the deposit accounts, analysed to indicate the status of payments made (fully delivered, partially delivered, no delivery and no purchase order reference). This included: • Verifying that the schedule provided is accurate and all undelivered deposits have been included therein. • Evaluating the categorisation of the deposits made as described above, by ensuring that items included within each category are properly represented and relate to such categorisation. • Reviewing supporting documentations, payment details and contracts for deposits and advance payments made to check that they represent valid deposits and advance payments. • For items that are fully and partially delivered, we reviewed documents evidencing their receipt and subsequent clearing from the deposit/advance accounts. We concur with the company's classification of these payments for which delivery of goods are pending and that they represent payments made for goods that are yet to be delivered.

Other Information

The directors are responsible for the other information. The other information comprises the directors' Report, Audit Committee's Report and Company Secretary's Report, which we obtained prior to the date of this auditors' report. The other information does not include the consolidated and separate financial statements and our report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004, Financial Reporting Council Act, 2011 and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if

such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the Group and Company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee and the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee and directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee and/or the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the benefits derivable by the public from such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the Sixth Schedule of the Companies and Allied Matters Act CAP C20 LFN 2004, we expressly state that:

i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Group and Company have kept proper books of account, so far as appears from our examination of those books.

iii) The Group and Company's financial position, statements of profit or loss and comprehensive income are in agreement with the books of account and returns.

Abraham Udenani, FCA
FRC/2013/ICAN/00000000853
For: Akintola Williams Deloitte
Chartered Accountants
Lagos, Nigeria
27 February, 2017

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
3G/ICAN
0129530

Tajudeen Oni, FCA
FRC/2013/ICAN/00000000749
For: Ahmed Zakari & Co
Chartered Accountants
Lagos, Nigeria
27 February, 2017

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
A 0986846

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

The Directors of Dangote Cement Plc are responsible for the preparation of the Consolidated and Separate Financial Statements that present fairly the financial position of the Group and company as at 31st December, 2016, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, No 6, 2011.

In preparing the Financial Statements, the Directors are responsible for:

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

The Directors are responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Group and Company;
- maintaining adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time, the financial position of the Group and Company, and which enable them to ensure that the Financial Statements of the Group and Company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Group and Company; and
- preventing and detecting fraud and other irregularities.

The Consolidated and Separate Financial Statements of the Group and Company for the year ended 31st December, 2016 were approved by the Directors on 27th February, 2017.

On behalf of the Directors of the Company

Chairman

Group Managing Director/CEO

CONSOLIDATED AND SEPARATE STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31ST DECEMBER, 2016

	Notes	Group		Company	
		Year ended 31-Dec-16 ₦'million	Year ended 31-Dec-15 ₦'million	Year ended 31-Dec-16 ₦'million	Year ended 31-Dec-15 ₦'million
Revenue	5	615,103	491,725	426,129	389,215
Production cost of sales	7	(323,816)	(201,808)	(178,129)	(130,418)
Gross profit		**291,287**	**289,917**	**248,000**	**258,797**
Administrative expenses	8	(36,669)	(32,546)	(17,087)	(23,924)
Selling and distribution expenses	9	(82,667)	(53,500)	(51,949)	(43,323)
Other income	11	10,542	3,951	4,766	2,148
Profit from operating activities		**182,493**	**207,822**	**183,730**	**193,698**
Finance income**	10	43,817	13,949	224,708	54,348
Finance costs**	10	(45,381)	(33,477)	(34,042)	(27,479)
Profit before tax		**180,929**	**188,294**	**374,396**	**220,567**
Income tax credit/(expense)	14	5,695	(6,971)	(6,191)	(7,396)
Profit for the year		**186,624**	**181,323**	**368,205**	**213,171**
Profit for the year attributable to:					
Owners of the Company		193,302	184,994	368,205	213,171
Non-Controlling Interests		(6,678)	(3,671)	-	-
		186,624	**181,323**	**368,205**	**213,171**
Earnings per share, basic and diluted (Naira)	13	**11.34**	**10.86**	**21.61**	**12.51**

**Prior year amounts have been regrouped to align with current year presentation. This does not have any impact on the results (See Note 10).

The accompanying notes on pages 16 to 78 and other national disclosures on pages 79 to 81 form an integral part of these consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2016

	Notes	Group		Company	
		Year ended 31-Dec-16 ₦'million	Year ended 31-Dec-15 ₦'million	Year ended 31-Dec-16 ₦'million	Year ended 31-Dec-15 ₦'million
Profit for the year		**186,624**	**181,323**	**368,205**	**213,171**
Other comprehensive income, net of income tax:					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translating net investments in foreign operations		100,701	(25,254)	-	-
Items that will not be reclassified to profit or loss:					
Remeasurement of defined benefit plan	28	-	(991)	-	(991)
Other comprehensive (loss)/income for the year, net of income tax		**100,701**	**(26,245)**	**-**	**(991)**
Total comprehensive income for the year		**287,325**	**155,078**	**368,205**	**212,180**
Total comprehensive income for the year attributable to:					
Owners of the Company		294,632	165,474	368,205	212,180
Non-controlling interests		(7,307)	(10,396)	-	-
		287,325	**155,078**	**368,205**	**212,180**

The accompanying notes on pages 16 to 78 and other national disclosures on pages 79 to 81 form an integral part of these consolidated and separate financial statements.

CONSOLIDATED AND SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER, 2016

		Group		Company	
	Notes	31-Dec-16 ₦'million	31-Dec-15 ₦'million	31-Dec-16 ₦'million	31-Dec-15 ₦'million
Assets					
Non-current assets					
Property, plant and equipment	15	1,155,711	917,212	569,017	577,017
Intangible assets	16	4,145	2,610	113	385
Investments in subsidiaries	17.2	-	-	78,673	26,075
Investment in associate	17.3	1,582	1,582	1,582	1,582
Deferred tax asset	14.3	50,110	14,465	26,255	10,913
Prepayments for property, plant & equipment	18.1	13,196	9,094	-	-
Other receivables	30	-	-	633,323	395,917
Total non-current assets		**1,224,744**	**944,963**	**1,308,963**	**1,011,889**
Current assets					
Inventories	19	82,903	53,118	55,850	38,369
Trade and other receivables	20	26,279	11,544	11,857	4,252
Prepayments and other current assets	18.2	78,280	60,526	60,384	52,003
Current income tax receivables	14.2	9	-	-	-
Cash and bank balances	31	115,693	40,792	65,510	17,962
Total current assets		**303,164**	**165,980**	**193,601**	**112,586**
Total assets		**1,527,908**	**1,110,943**	**1,502,564**	**1,124,475**
Liabilities					
Current liabilities					
Trade and other payables	23	268,966	127,597	178,567	79,584
Current income tax payable	14.2	4,674	1,289	4,306	1,305
Financial liabilities	24	220,300	47,275	192,270	37,169
Other current liabilities	25.2	18,307	24,537	15,083	22,528
Total current liabilities		**512,247**	**200,698**	**390,226**	**140,586**
Non-current liabilities					
Deferred tax liabilities	14.3	43,695	24,504	41,858	23,998
Financial liabilities	24	152,475	208,329	86,182	181,384
Long term provisions and other charges	26	3,344	3,283	2,302	619
Retirement benefits obligation	28	-	3,992	-	3,992
Deferred revenue	25.1	1,072	975	629	975
Long term payables	27	17,730	24,442	-	24,442
Total non-current liabilities		**218,316**	**265,525**	**130,971**	**235,410**
Total liabilities		**730,563**	**466,223**	**521,197**	**375,996**
Net assets		**797,345**	**644,720**	**981,367**	**748,479**
Equity					
Share capital	21.1	8,520	8,520	8,520	8,520
Share premium	21.1	42,430	42,430	42,430	42,430
Capital contribution	21.4	2,877	2,877	2,828	2,828
Currency translation reserve	21.3	78,964	(22,366)	-	-
Employee benefit reserve	21.5	-	(1,007)	-	(1,007)
Retained earnings		677,479	620,501	927,589	695,708
Equity attributable to owners of the company		**810,270**	**650,955**	**981,367**	**748,479**
Non-controlling interest		(12,925)	(6,235)	-	-
Total equity		**797,345**	**644,720**	**981,367**	**748,479**
Total equity and liabilities		**1,527,908**	**1,110,943**	**1,502,564**	**1,124,475**

The accompanying notes on pages 16 to 78 and other national disclosures on pages 79 to 81 form an integral part of these consolidated and separate financial statements.

Aliko Dangote,GCON
Chairman, Board of Directors
FRC/2013/IODN/00000001766

Onne van der Weijde
GMD/CEO
FRC/2016/IODN/00000014027

Brian Egan
Group CFO
FRC/2015/MULTI/00000011227

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2016

Group	Share capital ₦'million	Share premium ₦'million	Retained earnings ₦'million	Employee benefit reserve ₦'million	Currency translation reserve ₦'million	Capital contribution ₦'million	Attributable to the owners of the parent ₦'million	Non-Controlling Interests ₦'million	Total equity ₦'million
Balance as at 1st January, 2015	**8,520**	**42,430**	**537,750**	**(16)**	**(3,837)**	**2,877**	**587,724**	**4,161**	**591,885**
Profit for the year	-	-	184,994	-	-	-	184,994	(3,671)	**181,323**
Other comprehensive income for the year, net of income tax	-	-	-	(991)	(18,529)	-	(19,520)	(6,725)	**(26,245)**
Total comprehensive income for the year	-	-	184,994	(991)	(18,529)	-	165,474	(10,396)	**155,078**
Dividends paid	-	-	(102,243)	-	-	-	(102,243)	-	**(102,243)**
Balance as at 31st December, 2015	**8,520**	**42,430**	**620,501**	**(1,007)**	**(22,366)**	**2,877**	**650,955**	**(6,235)**	**644,720**
Profit for the year	-	-	193,302	-	-	-	193,302	(6,678)	**186,624**
Other comprehensive income for the year, net of income tax	-	-	-	-	101,330	-	101,330	(629)	**100,701**
Total comprehensive income for the year	-	-	193,302	-	101,330	-	294,632	(7,307)	**287,325**
Dividends paid	-	-	(136,324)	-	-	-	(136,324)	-	**(136,324)**
Contribution by non-controlling interest shareholders	-	-	-	-	-	-	-	617	**617**
Transfer on amendment to the scheme	-	-	-	1,007	-	-	1,007	-	**1,007**
Balance as at 31st December, 2016	**8,520**	**42,430**	**677,479**	**-**	**78,964**	**2,877**	**810,270**	**(12,925)**	**797,345**

SEPARATE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER, 2016

Company	Share capital ₦'million	Share premium ₦'million	Capital contribution ₦'million	Retained earnings ₦'million	Employee benefit reserve ₦'million	Total equity ₦'million
Balance as at 1st January, 2015	**8,520**	**42,430**	**2,828**	**584,780**	**(16)**	**638,542**
Profit for the year	-	-	-	213,171	-	**213,171**
Other comprehensive income for the year, net of income tax	-	-	-	-	(991)	**(991)**
Total comprehensive income for the year	-	-	-	213,171	(991)	**212,180**
Dividends paid	-	-	-	(102,243)	-	**(102,243)**
Balance as at 31st December, 2015	**8,520**	**42,430**	**2,828**	**695,708**	**(1,007)**	**748,479**
Profit for the year	-	-	-	368,205	-	**368,205**
Total comprehensive income for the year	-	-	-	368,205	-	**368,205**
Dividends paid	-	-	-	(136,324)	-	**(136,324)**
Transfer on amendment to the scheme	-	-	-	-	1,007	**1,007**
Balance as at 31st December, 2016	**8,520**	**42,430**	**2,828**	**927,589**	**-**	**981,367**

CONSOLIDATED AND SEPARATE STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31ST DECEMBER 2016

	Notes	Group Year ended 31-Dec-16 ₦'million	Group Year ended 31-Dec-15 ₦'million	Company Year ended 31-Dec-16 ₦'million	Company Year ended 31-Dec-15 ₦'million
Cash flows from operating activities					
Profit before tax		180,929	188,294	374,396	220,567
Adjustments for:					
Depreciation & amortisation	15 & 16	74,750	54,626	47,113	43,713
Write off and impairment of property, plant and equipment		471	1,624	-	1,624
Reversal of impairment		(1,592)	(1,582)	(1,592)	(1,582)
Interest expense	10	45,172	33,154	33,833	27,156
Interest income	10	(2,662)	(1,699)	(45,439)	(23,410)
Unrealised exchange (gain)/loss on borrowings and non-operating assets		(50,394)	1,252	(189,482)	(31,836)
Amortisation of deferred revenue		56	(478)	(415)	(478)
Other provisions		61	(728)	1,683	324
Provisions for employee benefits		(2,985)	931	(2,985)	931
Loss on disposal of property, plant and equipment		59	1	-	-
		243,865	275,395	217,112	237,009
Changes in working capital:					
Change in inventories		(29,785)	(10,431)	(17,481)	(2,054)
Change in trade and other receivables		(14,735)	(1,741)	(7,605)	(1,320)
Change in trade and other payables		99,016	29,151	56,630	1,255
Change in prepayments and other current assets		(12,450)	3,674	(4,544)	10,465
Change in other current liabilities		(6,189)	5,703	(7,376)	6,093
		279,722	301,751	236,736	251,448
Income tax paid	14	(1,128)	(2,234)	(672)	(2,213)
Net cash generated from operating activities		**278,594**	**299,517**	**236,064**	**249,235**
Cash flows from Investing activities					
Interest received		2,662	1,699	1,469	1,459
Acquisition of intangible assets	16	(745)	(298)	(28)	-
Increase in long term receivables from subsidiaries		-	-	(16,947)	(63,730)
Acquisition of investment		-	-	(1,102)	-
Acquisition of capital assets		(118,841)	(157,092)	(59,271)	(69,300)
Acquisition of property, plant and equipment	15	(136,168)	(251,931)	(62,895)	(95,515)
Reduction in non-current prepayment		(4,027)	70,397	-	1,773
Suppliers' credit obtained		21,354	24,442	3,624	24,442
Net cash used in investing activities		**(116,924)**	**(155,691)**	**(75,879)**	**(131,571)**
Cashflows from Financing activities					
Interest paid		(39,029)	(25,007)	(26,747)	(19,274)
Non-controlling shareholders contribution		617	-	-	-
Dividend paid		(136,324)	(102,243)	(136,324)	(102,243)
Loans obtained		343,071	125,912	305,283	121,648
Loans repaid		(262,240)	(116,183)	(254,849)	(116,183)
Net cash used in financing activities		**(93,905)**	**(117,521)**	**(112,637)**	**(116,052)**
Increase in cash and cash equivalents		67,765	26,305	47,548	1,612
Effects of exchange rate changes on the balance of cash held in foreign currencies and other non monetary impact		3,791	(4,863)	-	-
Cash and cash equivalents at beginning of year		37,845	16,403	17,962	16,350
Cash and cash equivalents at end of year	31.1	**109,401**	**37,845**	**65,510**	**17,962**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

1. General Information

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

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

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

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

The consolidated financial statements for the year ended 31st December, 2016 comprise the results and the financial position of the Company and its subsidiaries.

The separate financial statements of the Company for the year ended 31st December, 2016 comprise those of the Company only.

These consolidated and separate financial statements for the year ended 31st December, 2016 have been approved for issue by the Directors on 27th February, 2017

2. Significant accounting policies

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

2.1.1 Statement of compliance

The Group and Company's full financial statements for the year ended 31st December 2016 have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (together "IFRS") that are effective at 31st December 2016 and requirements of the Companies and Allied Matters Act (CAMA) 2004 of Nigeria and the Financial Reporting Council (FRC) Act of Nigeria.

2.1.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at revalued amounts or fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated and separate financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

2.2.1 Basis of consolidation

The Group financial statements incorporate the financial statements of the Parent (Company) and entities controlled by the Company and its subsidiaries made up to 31st December, 2016. Control is achieved where the investor;

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

(i) has power over the investee entity

(ii) is exposed, or has rights, to variable returns from the investee entity as a result of its involvement, and

(iii) can exercise some power over the investee to affect its returns.

The Company reassesses whether or not it still controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

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

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

2.2.2 Transactions eliminated on consolidation

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

2.2.3 Interest in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, Any impairment

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

In the separate financial statements for the parent company, investments in associates are recognised at cost less accumulated impairment.

2.3 Non-controlling interest

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

2.4 Acquisition of entities under common control

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

2.4.1 Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

"When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2.5 Revenue

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

2.5.1 Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Amount relating to shipping and handling, whether included as part of sales or billed separately is recorded as revenue and cost incurred for shipping and handling are classified under "Selling and distribution expenses"

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

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

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

2.6 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss in the period in which they are incurred.

However, borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of that asset. The capitalisation of borrowing costs commences from the date of incurring of expenditure relating to the qualifying asset and ceases when all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. The interest rate used to determine the amount of capitalized interest cost is the actual interest rate when there is a specific borrowing facility related to construction project or the Group's average borrowing interest rate. Borrowing costs relating to the period after acquisition, construction or production are expensed. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

assets is deducted from the borrowing costs eligible for capitalisation. The borrowing costs capitalised may not exceed the actual interest incurred by the Group.

2.7 Foreign currency

2.7.1 Functional and presentation currency

These consolidated and separate financial statements are presented in the Nigerian Naira (₦), which is the Company's functional currency. All financial information presented in Naira has been rounded to the nearest million unless where otherwise stated.

2.7.2 Foreign currency transactions

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

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

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

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

The schedule below shows the exchange rates presented in one unit of foreign currency to Naira for the significant currencies used in the group

2.7.3 Foreign operations

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

Exchange differences are charged or credited to other comprehensive income and recognized in currency translation reserve in equity. On the partial or total disposal of a foreign entity with a loss of control, the related share in the cumulative translation differences recognised in equity is recognised in the consolidated

Currency	2016		2015	
	Average rate	Year End Rate	Average rate	Year End Rate
South African Rand to Naira	18.1383	22.8428	15.3977	12.8400
Central Africa Franc to Naira	0.4392	0.4929	0.3332	0.3299
Ethiopian Birr to Naira	11.6926	13.4721	9.4307	9.2515
Zambian Kwacha to Naira	25.5159	30.6808	23.5025	18.1074
Tanzanian Shilling to Naira	0.1185	0.1392	0.0968	0.0919
Ghanaian Cedi to Naira	66.2698	71.4286	52.5003	52.3560
United States dollar to Naira	259.9772	304.2000	198.0433	199.0000

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

statement of profit or loss.

2.8 Property, plant and equipment

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

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

Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets commences when the assets are ready for their intended use. When parts of an item of property, plant and equipment have different useful lives and are individually significant in relation to the total cost of an item, they are accounted for as separate items (major components) of property, plant and equipment.

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

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

2.8.1 Depreciation

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

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

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

Life (years)

Leasehold land improvement	Over the lease period
Buildings	25 - 50
Plant and machinery	10 - 25
Power plants	5 - 25
Cement plants	5 - 25
Motor vehicles	4 - 6
Computer hardware	3
Furniture and equipment	5
Aircraft and related components	5 - 25

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

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

2.9 Intangible assets

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

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

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

Purchased exploration and evaluation assets are recognised at the cost of acquisition or at the fair value if purchased as part of a business combination.

2.9.1 Internally-generated intangible assets - research and development expenditure

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

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

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

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

2.9.2 Derecognition of intangible assets

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

2.10 Inventories

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

Cost is determined as follows:

Raw materials

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

Work in progress

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

Finished goods

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

Spare parts and consumables

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

2.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

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

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

2.11.1 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), (if held for trading "HFT")and 'loans and receivables' (which include amounts due from related parties). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

2.11.2 Cash and cash equivalents

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

2.11.3 Loans and receivables

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

Interest income is recognised by applying the effective

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

interest rate, except for short-term receivables, where the effect of discounting is immaterial.

2.11.4 Derecognition of financial assets

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

2.11.5 Financial liabilities and equity instruments

Classification as debt or equity

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

2.11.6 Equity instruments

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

2.11.7 Financial liabilities

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

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

2.11.8 Derivative financial instruments

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

2.11.9 De-recognition of financial liabilities

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

2.11.10 Offsetting

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

2.11.11 Effective interest method

The effective interest method is a method of calculating the amortised cost of an interest bearing financial instrument and of allocating interest income and expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

2.12 Impairment

2.12.1 Financial assets

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

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

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

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

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

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

"For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

2.12.2 Non-financial assets

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of an impairment loss is recognised immediately in profit or loss.

2.13 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.13.1 Current tax

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

2.13.2 Deferred tax

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

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

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

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

2.13.3 Current and deferred tax for the year

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

2.14 Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

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

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

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

2.15 Employee benefits

2.15.1 Short term employee benefits

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

2.15.2 Defined contribution plans

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

2.15.3 Defined benefit plans

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in employee benefit reserves and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Group presents current service costs in profit or loss in the line item employee benefits expense. Interest is accounted for as finance costs in profit or loss.

2.16 Provisions

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

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

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

2.16.1 Restoration costs

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

2.17 Contingencies

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

2.18 Earnings per share

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

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

2.19 Leases

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

Leases - as a lessee

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

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

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

"Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see note 2.6). Contingent rentals are recognised as expenses in the periods in which they are incurred.

All other leases are operating leases and they are not recognized on the Group's statement of financial position. Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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

3. Application of new and revised International Financial Reporting Standards (IFRSs)

3.1 New and revised IFRSs/IFRICs effective for periods beginning on or after 1st January, 2016

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1st January 2016.

Amendments to IFRS 10. IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The Group has applied these amendments for the first time in the current year. The amendments clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

The application of these amendments has had no impact on the Group's financial statements as the Group is not an investment entity and does not have any holding company, subsidiary, associate or joint venture that qualifies as an investment entity

Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations

The Group has applied these amendments for the first time in the current year. The amendments provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations. The application of these amendments has had no impact on the Group's financial statements as the Group did not have any such transactions in the current year.

Amendments to IAS 1 Disclosure Initiative

The Group has applied these amendments for the first time in the current year. The amendments clarify that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

In addition, the amendments clarify that an entity's share of the other comprehensive income of associates and joint ventures accounted for using the equity method should be presented separately from those arising from the Group, and should be separated into the share of items that, in accordance with other IFRSs:

(i) will not be reclassified subsequently to profit or loss; and

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

(ii) will be reclassified subsequently to profit or loss when specific conditions are met.

As regards the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes.

The application of these amendments has not resulted in any impact on the financial performance or financial position of the Group.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The Group has applied these amendments for the first time in the current year. The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or
b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

As the Group already uses the straight line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively, the application of these amendments has had no impact on the Group's financial statements

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The Group has applied these amendments for the first time in the current year. The amendments define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41. The application of these amendments has had no impact on the Group's financial statements as the Group is not engaged in agricultural activities.

Annual Improvements to IFRSs 2012-2014 Cycle

The Group has applied these amendments for the first time in the current year. The Annual Improvements to IFRSs 2012-2014 Cycle include a number of amendments to various IFRSs, which are summarised below. The amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments also clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in IFRS 5 regarding the change of sale plan do not apply. The amendments also clarify the guidance for when held-for- distribution accounting is discontinued. The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets. The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The application of these amendments has had no effect on the Group's financial statements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

3. Application of new and revised International Financial Reporting Standards (IFRSs)

3.2 New and revised IFRSs in issue but not yet effective

IFRS 9	Financial Instruments[2]
IFRS 15	Revenue from Contracts with Customers[2]
IFRS 16	Leases[3]
Amendments to IFRS 2	Classification and Measurement of Share-based Transactions[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments IAS 7	Disclosure Initiative[1]
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]

1 Effective for annual periods beginning on or after 1st January, 2017, with earlier application permitted.

2 Effective for annual periods beginning on or after 1st January ,2018, with earlier application permitted.

3 Effective for annual periods beginning on or after 1st January ,2019, with earlier application permitted.

4 Effective for annual periods beginning on or after a date to be determined.

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.
- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Group undertakes a detailed review.

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Company do not anticipate that the application of IFRS 15 will have a material impact on the Group's consolidated financial statements.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective. IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-ot-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets. The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

As at 31 December, 2016, the Group has non-cancellable operating lease commitments of ₦1.5 billion. IAS 17 does not require the recognition of any right-of-use asset or liability for future payments for these leases; instead, certain information is disclosed as operating lease commitments in note 32. A preliminary assessment indicates that these arrangements will meet the definition of a lease under IFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of IFRS 16. The new requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in the Group's financial statements and the directors are currently assessing its potential impact. It is not practicable to provide a reasonable estimate of the financial effect until the directors complete the review. In contrast, for finance leases where the Group is a lessee, as the Group has already recognised an asset and a related finance lease liability for the lease arrangement, and in cases where the Group is a lessor (for both operating and finance leases), the directors of the Company do not anticipate that the application of IFRS 16 will have a significant impact on the amounts recognised in the Group's financial statements.

Amendments to IFRS 2 Classification and Measurement af Share-based Payment Transactions

The amendments clarify the following:

1. In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.
2. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.
3. A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:

i) the original liability is derecognised ;
ii) the equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and iii) any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

The amendments are effective for annual reporting periods beginning on or after 1 January 2018 with earlier application permitted. Specific transition provisions apply. The directors of the Company do not anticipate that the application of the amendments in the future will have a significant impact on the Group's financial statements as the Group does not have any cash-settled share-based payment arrangements or any withholding tax arrangements with tax authorities in relation to share-based payments.

Amendments to'IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint venture

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 7 Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted.

The directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's consolidated financial statements.

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify the following:

1. Decreases below cost in the carrying amount of a fixed-rate debt instrument measured at fair value for which the tax base remains at cost give rise to a deductible temporary difference, irrespective of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use, or whether it is probable that the issuer will pay all the contractual cash flows;
2. When an entity assesses whether taxable profits will be available against which it can utilise a deductible temporary difference, and the tax law restricts the utilisation of losses to deduction against income of a specific type (e.g. capital losses can only be set off against capital gains), an entity assesses a deductible temporary difference in combination with other deductible temporary differences of that type, but separately from other types of deductible temporary differences;
3. The estimate of probable future taxable profit may include the recovery of some of an entity's assets for more than their carrying amount if there is sufficient evidence that it is probable that the entity will achieve this; and
4. In evaluating whether sufficient future taxable profits are available, an entity should compare the deductible temporary differences with future taxable profits excluding tax deductions resulting from the reversal of those deductible temporary differences. The amendments apply retrospectively for annual periods beginning on or after 1st January 2017 with earlier application permitted.

The directors of the Company do not anticipate that the application of these amendments will have a material impact on the Group's financial statements

4. Critical accounting judgements and key sources of estimation uncertainty

The preparation of consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The management of the Group revises its estimates and assumptions on a regular basis to ensure that they are relevant regarding the past experience and the current economic and political environment. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

in the period in which the estimates are revised and in any future periods affected. The accounting for certain provisions, certain financial instruments and the disclosure of financial assets, contingent assets and liabilities at the date of the consolidated and separate financial statements is judgmental. The items, subject to judgment, are detailed in the corresponding notes to the consolidated and separate financial statements.

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

4.1 Critical accounting judgements

4.1.1 Control over subsidiaries

Note 17 describes that Dangote Quarries Zambia Limited is a subsidiary of the Group although the Group only holds a 49.9% ownership interest in Dangote Quarries Zambia Limited. Based on the arrangements between the Group and other investors, the Group has the power to appoint and remove the majority of the board of directors of Dangote Quarries Zambia Limited that has the power to direct the relevant activities of this entity. Therefore, the Directors of the Company concluded that the Group has the practical ability to direct the relevant activities of Dangote Quarries Zambia and hence the Group has control over the entity.

4.1.2 Recoverability of forward contracts

The Directors of the Company have assessed whether or not the Group has the capability to obtain economic benefits arising from foward foreign currency contracts in existence as at 31st December, 2016. In making their judgement the directors considered if the Group has practical ability to enforce the realisation of benefits from the forward contracts. After assessment the Directors concluded that the Group may not be able to realise the benefits of the forward contracts given the scarcity of foreign currency in the market. The realisation of the benefits is on condition that the Group obtains foreign currency in the market which is scarce at the moment. The value of the contracts was estimated at ₦5.5 billion on 31st December, 2016.

4.1.3 Tax holiday

The Directors of the company have assesseed whether the operations in the Ibese factory line 1 to 4 and Obajana Line 3 to 4 qualify for tax holiday under the existing regulations. After assessment, which included obtaining an opinion from legal experts, the Directors concluded that these production lines are entitled to tax holidays under the existing regulations. This is also supported by similar lines that have been officially granted tax holidays. The formal application to government authorities is now at an advanced stage and no indications so far that the holiday will not be formally granted to us. The tax charge for the year has been determined on the basis that the operations are entitled to a 5 years tax holiday period. If the lines were not entitled to tax holidays the additional tax charge would have amounted to ₦64 billion (2015: ₦40 billion)

4.2 Key sources of estimation uncertainty

4.2.1 Provision for restoration costs

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

4.2.2 Provisions for employee benefits

The actuarial techniques used to assess the value of the defined benefit plans as at 31st December, 2015 involve financial assumptions (discount rate, rate of return on assets, medical costs trend rate) and demographic assumptions (salary increase rate, employee turnover rate, etc.). The Group uses the assistance of an external independent actuary in the assessment of these assumptions. For more details refer to note 28.2.

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

The Group's Directors determine the estimated useful lives and related depreciation charge for its items of property, plant and equipment on an annual basis. The Group has carried out a review of the residual values and useful lives of property, plant and equipment as at 31st December, 2016 and adjusted the remaining useful lives of some assets for the current or future periods.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

The useful life of trailers was adjusted from 4 years to 6 years. This resulted depreciation expense falling by ₦1.5 billion.

4.2.4 Valuation of deferred tax

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

	Group		Company	
	2016	**2015**	**2016**	**2015**
5. Revenue (Tonnes)	**'000 tonnes**	**'000 tonnes**	**'000 tonnes**	**'000 tonnes**
Cement production capacity (for the year)	42,550	42,550	29,250	29,250
Cement production volume	22,534	18,425	14,973	13,385
Trade cement purchases	1,086	629	-	-
(Increase)/decease in stock of cement	(45)	(196)	155	(95)
Cement sales volume	**23,575**	**18,858**	**15,128**	**13,290**

	Group		Company	
	2016	**2015**	**2016**	**2015**
	₦'million	**₦'million**	**₦'million**	**₦'million**
Revenue (Naira)				
Revenue from sales of cement	614,936	491,544	426,129	389,215
Revenue from sales of other products	167	181	-	-
Cement sales volume	**615,103**	**491,725**	**426,129**	**389,215**

All group sales exclude intra-group sales.

5.1 Information about major customers

Included in revenue arising from direct sales of cement of ₦614.9 billion (2015: ₦491.5 billion) is revenue of approximately ₦29.8 billion (2015: ₦19.8 billion) which arose from sales to the Group's largest customer.

No single customer contributed 10% or more to the Group's revenue for both 2016 and 2015 financial years.

6. Segment information

6.1 Products and services from which reportable segments derive their revenue

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

Segment information is presented in respect of the Group's reportable segments. For management purposes, the Group is organised into business units by geographical areas in which the Company operates. The Company has 2 reportable segments based on location of the principal operations as follows:

- Nigeria
- Pan Africa

In 2015, the group operated 3 reportable segments as follows:

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

Following a restructuring of management during the year, West and Central Africa and South and East Africa were merged to form the Pan Africa segment.

All segments are involved in the production, distribution, and sale of cement and/or related products.

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

6.2 Segment revenue and results

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

			2016		
Segment Results	**Nigeria**	**Pan Africa**	**Central Administrative costs**	**Eliminations**	**Total**
	₦'million	**₦'million**	**₦'million**	**₦'million**	**₦'million**
Revenue	426,129	195,028	-	(6,054)	615,103
EBITDA*	241,969	26,456	(11,213)	31	257,243
Depreciation & amortisation	47,113	28,384	-	(747)	74,750
Operating profit/(loss)	194,856	(1,928)	(11,213)	778	182,493
Other income	4,767	5,775	-	-	10,542
Finance income	224,708	(4,212)	-	(176,679)	43,817
Finance costs	34,042	44,267	-	(32,928)	45,381
Profit/(loss) after tax	379,331	(38,520)	(11,213)	(142,974)	186,624
Segment assets & liabilities					
Non-current assets	1,336,473	631,118	-	(742,847)	1,224,744
Current assets	193,602	126,924	-	(17,362)	303,164
Total assets	1,530,075	758,042	-	(760,209)	1,527,908
Segment liabilities	548,795	832,163	-	(650,395)	730,563
Net additions to non-current assets, excluding deferred tax	309,241	234,869	-	(299,974)	244,136

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

			2015		
Segment Results			**Administrative**		
	Nigeria	**Pan Africa**	**costs**	**Eliminations**	**Tota**
	₦'million	**₦'million**	**₦'million**	**₦'million**	**₦'million**
Revenue	389,215	103,477	-	(967)	491,725
EBITDA*	247,479	25,070	(10,068)	(33)	262,448
Depreciation & amortisation	43,713	11,740	-	(827)	54,626
Operating profit	203,766	13,330	(10,068)	794	207,822
Other Income	2,148	1,803	-	-	3,951
Finance income	54,348	(46,415)	-	6,016	13,949
Finance costs	27,479	18,901	-	(12,903)	33,477
Profit/(loss) after tax	223,239	(23,594)	(10,068)	(8,254)	181,323

* represents earnings before interest, taxes, depreciation & amortisation

Central administrative costs were included as part of Nigeria in prior periods

Segment assets & liabilities					
Non-current assets	1,011,889	375,945	-	(442,871)	944,963
Current assets	112,586	54,365	-	(971)	165,980
Total Assets	1,124,475	430,310	-	(443,842)	1,110,943
Segment liabilities	375,996	486,911	-	(396,684)	466,223
Net additions to non-current assets, excluding deferred tax	168,574	57,893	-	(126,953)	99,514

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

Significant non current assets by country excluding deferred tax	**2016**	**2015**
	₦'million	**₦'million**
Nigeria	1,282,708	1,000,976
South Africa	75,248	43,984
Senegal	72,201	48,089
Zambia	88,913	54,679
Ethiopia	112,680	79,043
Tanzania	104,342	74,601
Congo	70,748	33,123
Cameroun	35,568	21,422

Significant revenue by country (external customers)		
Nigeria	420,075	388,248
Ghana	32,856	15,436
South Africa	41,381	35,393
Ethiopia	40,071	16,961
Zambia	16,968	8,854
Tanzania	12,022	-
Senegal	19,937	13,900
Cameroun	31,194	12,933

Revenues are attributed to individual countries based on the geographical location of external customers.

6.3 Eliminations and adjustments
Eliminations and Adjustments relate to the following:

- Profit/(loss) after tax of ₦143.0 billion (2015: ₦8.3 billion) is due to elimination of interest on inter-company loan, trading activities and exchange differences reclassified to other comprehensive income.
- Non-current assets of ₦742.8 billion (2015: ₦442.9 billion) are due to the elimination of investment in subsidiaries with the parent's share of their equity and non current inter-company payable and receivable balances.
- Current assets of ₦17.4 billion (2015: ₦971.0 million) are due to the elimination of current inter-company payable and receivable balances.
- Total liabilities of ₦650.4 billion (2015: ₦396.7 billion) are due to the elimination of inter-company due to and due from subsidiaries.
- Finance income of ₦176.7 billion (2015: ₦6.0 billion) and finance cost of ₦32.9 billion (2015: ₦12.9 billion) is due to the elimination of interest on inter-company loan and exchange differences reclassified to other comprehensive income.
- Revenue of ₦6.1 billion (2015: ₦967 million) represents sales by the Nigeria region to the Pan Africa region.

In addition to the depreciation and amortisation reported above, a sum of ₦471 million (2015: ₦1,624 billion) in the financial statements represents write off (impairment) in respect of property, plant and equipment. This was attributable to the Nigerian and Pan African operations.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

7. Production cost of sales

	Group		Company	
	Year ended 31/12/2016 ₦'million	Year ended 31/12/2015 ₦'million	Year ended 31/12/2016 ₦'million	Year ended 31/12/2015 ₦'million
Material consumed	87,203	55,623	24,927	21,214
Fuel & power consumed	112,265	66,495	81,678	50,066
Royalty^	1,382	1,138	741	598
Salaries and related staff costs	24,019	15,263	15,089	11,282
Depreciation & amortization	51,245	38,243	33,870	29,988
Plant maintenance	29,063	18,331	17,690	12,228
Other production expenses	21,165	10,830	4,840	5,804
Increase in finished goods and work in progress	(2,526)	(4,115)	(706)	(762)
	323,816	**201,808**	**178,129**	**130,418**

^Royalty payable is charged based on volume of extraction made during the year.

8. Administrative expenses

	Group		Company	
	Year ended 31/12/2016 ₦'million	Year ended 31/12/2015 ₦'million	Year ended 31/12/2016 ₦'million	Year ended 31/12/2015 ₦'million
Salaries and related staff costs	11,338	9,203	6,378	6,830
Corporate social responsibility	1,097	722	812	587
Management fee (refer (a) below)	3,054	2,839	3,054	2,839
Depreciation and amortisation	5,789	4,025	1,946	1,907
Audit fees (b)	396	285	215	191
Directors' remuneration	638	485	632	485
Rent, rates and insurance	3,934	3,642	2,064	2,500
Repairs and maintenance	1,019	781	843	650
Travel expenses	1,905	1,510	898	928
Bank charges	1,126	833	438	664
General administrative expenses	4,088	3,140	969	1,654
Others	3,540	3,457	426	3,065
Impairment of property, plant and equipment	(1,255)	1,624	(1,588)	1,624
	36,669	**32,546**	**17,087**	**23,924**

(a) The management fee is charged by Dangote Industries Limited for management and corporate services provided to Dangote Cement Plc. It is an apportionment of the Parent's company shared-services to all its material subsidiaries.

(b) In addition, ₦21 million (2015: ₦21 million) was paid to Akintola Williams Deloitte for quarterly limited reviews.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

Other employee related disclosures

Aggregate payroll costs:	Group Year ended 31-Dec-16 ₦'million	Group Year ended 31-Dec-15 ₦'million	Company Year ended 31-Dec-16 ₦'million	Company Year ended 31-Dec-15 ₦'million
Wages, salaries and staff welfare	43,399	29,214	27,588	22,373
Pension costs	2,292	931	1,534	658
Gratuity provision	-	482	-	482
	45,691	**30,627**	**29,122**	**23,513**

Chairman's and Directors' remuneration

Directors' remuneration comprises:	Group Year ended 31-Dec-16 ₦'million	Group Year ended 31-Dec-15 ₦'million	Company Year ended 31-Dec-16 ₦'million	Company Year ended 31-Dec-15 ₦'million
Fees	49	45	49	45
Emoluments	589	440	583	440
	638	485	632	485
Chairman	5	5	5	5
Highest paid Director	304	208	303	208

Number of Directors whose emoluments were within the following ranges:

₦	₦	Group 2016	Group 2015	Company 2016	Company 2015
1	3,200,000	-	1	-	1
3,200,001	8,750,000	-	-	-	-
8,750,001	20,000,000	1	1	1	1
Above 20,000,000		12	11	12	11
		13	**13**	**13**	**13**

Permanent employees remunerated at higher rate excluding allowances:

₦	₦	Group 2016	Group 2015	Company 2016	Company 2015
Up to	250,000	8,883	9,164	8,058	8,482
250,001	500,000	3,035	1,787	2,711	1,580
500,001	750,000	1,381	951	1,228	853
750,001	1,000,000	724	954	658	923
1,000,001	1,250,000	311	251	259	232
1,250,001	1,500,000	120	105	101	93
1,500,001	2,000,000	283	432	143	304
2,000,001 and above		578	645	259	279
		15,315	**14,289**	**13,417**	**12,746**

The average number of permanent employees employed during the year excluding Directors was as follows:

	Group 2016	Group 2015	Company 2016	Company 2015
Management	485	453	307	302
Non-management	13,916	12,327	12,610	10,970
	14,401	**12,780**	**12,917**	**11,272**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

9. Selling and distribution expenses	**Group**		**Company**	
	Year ended 31-Dec-16 ₦'million	**Year ended 31-Dec-15 ₦'million**	**Year ended 31-Dec-16 ₦'million**	**Year ended 31-Dec-15 ₦'million**
Salaries and related staff costs	10,334	6,161	7,655	5,401
Depreciation	17,716	12,358	11,297	11,818
Advertisement and promotion	1,534	3,147	701	2,174
Haulage expenses	49,344	29,276	29,465	21,372
Others	3,739	2,558	2,831	2,558
	82,667	**53,500**	**51,949**	**43,323**

10. Finance income and finance costs	**Group**		**Company**	
	Year ended 31-Dec-16 ₦'million	**Year ended 31-Dec-15 ₦'million**	**Year ended 31-Dec-16 ₦'million**	**Year ended 31-Dec-15 ₦'million**
Finance income:				
Interest income	2,662	1,699	45,439	23,410
Net foreign exchange gain (Note 10.1) **	41,155	12,250	179,269	30,938
	43,817	**13,949**	**224,708**	**54,348**
Finance costs:				
Interest expenses	45,583	33,807	34,244	27,809
Less: amounts included in the cost of qualifying assets	(411)	(653)	(411)	(653)
	45,172	33,154	33,833	27,156
Other finance cost	209	323	209	323
	45,381	**33,477**	**34,042**	**27,479**

The average effective interest rate on funds borrowed generally is 13% per annum for both Group and Company respectively (2015: 12.9% and 12.6% per annum for the Group and Company). These are the rates used for the capitalisation on qualifying assets.

10.1 Foreign exchange gain or loss arose as a result of the translation of foreign currency denominated balances at the year end across the Group. The increase in the current year was due to the depreciation of the respective currencies against the major foreign currencies at year end.

**In the prior periods exchange gain and losses were presented separately. Starting in 2016, the Group now presents net exchange gain/(losses)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

11. Other income

	Group		Company	
	Year ended 31-Dec-16 ₦'million	**Year ended 31-Dec-15 ₦'million**	**Year ended 31-Dec-16 ₦'million**	**Year ended 31-Dec-15 ₦'million**
Insurance claims	48	39	42	30
Government grant (Note 25.1)	417	478	415	478
Sundry income*	10,077	3,434	4,309	1,640
	10,542	**3,951**	**4,766**	**2,148**

* This represents provisions and other credit balances no longer required

12. Profit for the year

Profit for the year includes the following charges:

	Group		Company	
	Year ended 31-Dec-16 ₦'million	**Year ended 31-Dec-15 ₦'million**	**Year ended 31 Dec 16 ₦'million**	**Year ended 31-Dec-15 ₦'million**
Depreciation of property, plant and equipment	74,202	54,228	46,813	43,416
Amortisation of intangible assets	548	398	300	297
Auditors' fees	409	285	230	191
Employee benefits expense	45,691	30,627	29,122	23,513
Loss on disposal of property, plant and equipment	59	1	-	-

13. Earnings per share

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

	Group		Company	
	Year ended 31-Dec-16 ₦'million	**Year ended 31-Dec-15 ₦'million**	**Year ended 31-Dec-16 ₦'million**	**Year ended 31-Dec-15 ₦'million**
Profit for the year attributable to owners of the Company	193,302	184,994	368,205	213,171
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share (million)	17,041	17,041	17,041	17,041
Basic & diluted earnings per share (Naira)	**11.34**	**10.86**	**21.61**	**12.51**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

14. Income taxes

14.1 Income tax recognised in profit or loss

	Group		Company	
	Year ended 31-Dec-16 ₦'million	Year ended 31-Dec-15 ₦'million	Year ended 31-Dec-16 ₦'million	Year ended 31-Dec-15 ₦'million
Current tax				
Current tax expense in respect of the current year	(4,637)	(1,042)	(3,673)	(1,037)
Deferred tax				
Deferred tax credit/(expense) recognised in the current year	10,332	(5,929)	(2,518)	(6,359)
Total income tax recognised in the current year	**5,695**	**(6,971)**	**(6,191)**	**(7,396)**

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

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

	Group		Company	
	Year ended 31-Dec-16 ₦'million	Year ended 31-Dec-15 ₦'million	Year ended 31-Dec-16 ₦'million	Year ended 31-Dec-15 ₦'million
Profit before income tax	180,929	188,294	374,396	220,567
Income tax expense calculated at 30% (2015: 30%)	(54,279)	(56,488)	(112,319)	(66,170)
Education Tax	(1,212)	(1,037)	(1,212)	(1,037)
Capital Gains Tax	(2,413)	-	(2,413)	-
Effect of tax holiday and income that is exempt from taxation	52,003	54,891	52,003	54,811
Effect of expenses that are not deductible in determining taxable profit	(1,623)	(21)	(872)	(21)
Effect of previously unrecognised temporary difference now recognised as deferred tax assets.	12,329	4,237	5,211	4,237
Effect of deferred tax not recognised on net investment exchange gains	-	-	39,523	-
Effect of commencement rule	(8,908)	-	(8,908)	-
Effect of income taxed at different rates	21,629	-	21,135	-
Effect of unused tax losses and offsets not recognised as deferred tax assets	(12,206)	(6,951)	-	-
Effect of different tax rates of subsidiaries operating in other jurisdictions	116	(17)	-	-
Other	259	(1,585)	1,661	784
Income tax income recognised in profit or loss	**5,695**	**(6,971)**	**(6,191)**	**(7,396)**

The income tax rate of 30% was used for the company tax computation as established by the tax legislation of Nigeria effective in 2016 and 2015.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

14.2 Current income tax receivables	Group		Company	
	31-Dec-16 ₦'million	31-Dec-15 ₦'million	31-Dec-16 ₦'million	31-Dec-15 ₦'million
Balance at beginning of the year	-	-	-	-
Charge for the year	9	-	-	-
Payments during the year	-	-	-	-
Balance at the end of the year	**9**	**-**	**-**	**-**

14.2 Current income tax payables	Group		Company	
	31-Dec-16 ₦'million	31-Dec-15 ₦'million	31-Dec-16 ₦'million	31-Dec-15 ₦'million
Balance at beginning of the year	1,289	2,481	1,305	2,481
Charge for the year	4,646	1,042	3,673	1,037
Payments during the year	(1,128)	(2,234)	(672)	(2,213)
Arising during the period/Effect of currency exchange difference	(133)	-	-	-
Balance at the end of the year	**4,674**	**1,289**	**4,306**	**1,305**

14.3 Deferred tax balance	Group		Company	
	31-Dec-16 ₦'million	31-Dec-15 ₦'million	31-Dec-16 ₦'million	31-Dec-15 ₦'million
Deferred tax assets	50,110	14,465	26,255	10,913
Deferred tax liabilities	(43,695)	(24,504)	(41,858)	(23,998)
Net deferred tax assets/(liabilities)	**6,415**	**(10,039)**	**(15,603)**	**(13,085)**

Group

2016	**Opening balance ₦'million**	**Recognised in profit or loss ₦'million**	**Effect of translation currency ₦'million**	**Closing balance ₦'million**
Deferred tax assets /(liabilities) in relation to:				
Property, plant & equipment	2,760	(30,024)	-	(27,264)
Unrealised exchange gains	(17,378)	4,553	-	(12,825)
Provision for doubtful debts	392	(4)	-	388
Other provisions	784	(1,852)	-	(1,068)
Tax losses	-	37,949	-	37,949
Other	3,403	(290)	6,122	9,235
	(10,039)	**10,332**	**6,122**	**6,415**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

2015	Opening balance ₦'million	Recognised in profit or loss ₦'million	Effect of translation currency ₦'million	Closing balance ₦'million
Deferred tax assets /(liabilities) in relation to:				
Property, plant & equipment	(479)	3,239	-	2,760
Unrealised exchange gains	(7,128)	(10,250)	-	(17,378)
Provision for doubtful debts	390	2	-	392
Other provisions	587	197	-	784
Other	2,790	883	(270)	3,403
	(3,840)	**(5,929)**	**(270)**	**(10,039)**

Company

2016	Opening balance ₦'million	Recognised in profit or loss ₦'million	Closing balance ₦'million
Deferred tax assets /(liabilities) in relation to:			
Property, plant & equipment	2,544	178	2,722
Unrealised exchange gains	(16,923)	(844)	(17,767)
Provision for doubtful debts	389	-	389
Other provisions	905	(1,852)	(947)
	(13,085)	**(2,518)**	**(15,603)**

2015	Opening balance ₦'million	Recognised in profit or loss ₦'million	Closing balance ₦'million
Deferred tax assets /(liabilities) in relation to:			
Property, plant & equipment	(695)	3,239	2,544
Unrealised exchange gains	(7,128)	(9,795)	(16,923)
Provision for doubtful debts	389	-	389
Other provisions	708	197	905
	(6,726)	**(6,359)**	**(13,085)**

Tax authorities in various jurisdictions where we operate in reserve the right to audit the tax charges for the financial year ended 31st December, 2016 and prior years. In cases where tax audits have been carried out and additional charges levied, we have responded to the tax authorities challenging the technical merits and made a provision we consider appropriate in line with the technical merits of issues raised by tax authorities.

Unrecognised deferred tax asset amounted to ₦7.4 billion (2015: NIL) for the Group. There is no unrecognised deferred tax assets for the Company.
Deferred tax liability amounting to ₦12.8 billion for both Group and Company was not recognised. This relates to exchange gains on amounts classified as part of the net investments in subsidiaries.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

15. Property, plant and equipment

15.1 The Group

Cost or deemed cost	Leasehold improvements and buildings ₦'million	plant and machinery ₦'million	Motor vehicles ₦'million	Aircraft ₦'million	Furniture & equipment ₦'million	Capital Work-In-progress ₦'million	Total ₦'million
At 1st January, 2015	42,103	393,390	68,543	4,028	1,990	347,971	858,025
Additions	13,231	90,275	36,994	-	360	111,071	251,931
Reclassifications (Note 15.1.1)	63,655	266,241	(1,375)	-	2,317	(330,838)	-
Other reclassifications (Note 15.1.2)	-	772	-	-	-	(180)	592
Disposal (Note 15.1.3)	-	-	(11,169)	-	-	-	(11,169)
Effect of currency exchange differences	(1,042)	(9,096)	(354)	-	(37)	(18,058)	(28,587)
Balance at 31st December, 2015	**117,947**	**741,582**	**92,539**	**4,028**	**4,630**	**109,966**	**1,070,792**
Additions	4,499	28,418	33,145	-	992	69,114	136,168
Reclassifications (Note 15.1.1)	(3,436)	10,190	9,042	-	(23)	(15,773)	-
Other reclassifications (Note 15.1.2)	(741)	(985)	-	-	-	(3,578)	(5,304)
Disposal (Note 15.1.3)	-	(132)	(74)	-	(1)	-	(207)
Write-off (Note 15.1.4)	-	(242)	(422)	-	-	-	(664)
Effect of currency exchange differences	35,599	125,548	10,643	-	1,653	21,778	195,221
Balance at 31st December, 2016	**153,868**	**904,379**	**144,973**	**4,028**	**7,251**	**181,507**	**1,396,006**
Accumulated depreciation and impairment							
At 1st January, 2015	5,753	70,296	32,643	311	1,228	-	110,231
Depreciation expense	3,471	35,110	14,742	403	502	-	54,228
Reclassifications	-	401	(401)	-	-	-	-
Disposal (Note 15.1.3)	-	-	(11,168)	-	-	-	(11,168)
Impairment (Note 15.1.4)	-	-	1,624	-	-	-	1,624
Effect of currency exchange differences	(117)	(1,043)	(118)	-	(57)	-	(1,335)
Balance at 31st December, 2015	**9,107**	**104,764**	**37,322**	**714**	**1,673**	**-**	**153,580**
Depreciation expense	5,845	44,069	23,241	403	644	-	74,202
Reclassifications	(329)	330	-	-	(1)	-	-
Disposal (Note 15.1.3)	-	(132)	(15)	-	(1)	-	(148)
Impairment (Note 15.1.4)	-	(121)	(1,664)	-	-	-	(1,785)
Effect of currency exchange differences	1,355	9,417	3,362	-	312	-	14,446
Balance at 31st December, 2016	**15,978**	**158,327**	**62,246**	**1,117**	**2,627**	**-**	**240,295**
Carrying amounts:							
At 31st December, 2015	108,840	636,818	55,317	3,314	2,957	109,966	917,212
At 31st December, 2016	**137,890**	**746,052**	**82,727**	**2,911**	**4,624**	**181,507**	**1,155,711**

15.1.1 Represents transfer between various classes of assets

15.1.2 Includes amount transferred to prepayment and deposit for import for current year.

15.1.3 Represents motor trucks and heavy motorized equipments disposed of.

15.1.4 Represents write back of impairment after reassessing the damaged motor trucks and trailers during the year and write off for some trucks.

15.1.5 Some borrowings are secured by a debenture on all the fixed and floating assets of the Group

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

15. Property, plant and equipment

15.2 The company

Cost or deemed cost	Leasehold improvements and buildings ₦'million	Plant and machinery ₦'million	Motor vehicles ₦'million	Aircraft ₦'million	Furniture & equipment ₦'million	Capital work-in-progress ₦'million	Total ₦'million
At 1st January, 2015	35,285	327,574	60,291	4,028	1,328	203,977	632,483
Additions	198	26,371	22,946	-	174	45,826	95,515
Reclassifications (Note 15.2.1)	8,194	176,854	1,370	-	101	(186,519)	-
Other reclassifications (Note 15.2.2)	-	-	-	-	-	(180)	(180)
Disposal (Note 15.2.3)	-	-	(11,168)	-	-	-	(11,168)
Balance at 31st December 2015	**43,677**	**530,799**	**73,439**	**4,028**	**1,603**	**63,104**	**716,650**
Additions	3,914	17,643	5,381	-	369	35,588	62,895
Reclassifications (Note 15.2.1)	4	1,194	4,195	-	108	(5,501)	-
Other reclassifications (Note 15.2.2)	-	(985)	-	-	-	(24,689)	(25,674)
Disposal (Note 15.2.3)	-	(130)	-	-	-	-	(130)
Balance at 31st December, 2016	**47,595**	**548,521**	**83,015**	**4,028**	**2,080**	**68,502**	**753,741**
Accumulated depreciation and impairment							
Balance at 1st January, 2015	5,581	68,307	30,662	311	900	-	105,761
Depreciation expense	2,125	27,066	13,524	403	298	-	43,416
Disposal (Note 15.2.3)	-	-	(11,168)	-	-	-	(11,168)
Write-off (Note 15.2.4)	-	-	1,624	-	-	-	1,624
Balance at 31st December, 2015	**7,706**	**95,373**	**34,642**	**714**	**1,198**	**-**	**139,633**
Depreciation expense	1,883	29,462	14,780	403	285	-	46,813
Disposal (Note 15.2.3)	-	(130)	-	-	-	-	(130)
Impairment (Note 15.2.4)	-	-	(1,592)	-	-	-	(1,592)
Balance at 31st December, 2016	**9,589**	**124,705**	**47,830**	**1,117**	**1,483**	**-**	**184,724**
Carrying amounts:							
At 31st December, 2015	35,971	435,426	38,797	3,314	405	63,104	577,017
At 31st December, 2016	**38,006**	**423,816**	**35,185**	**2,911**	**597**	**68,502**	**569,017**

15.2.1 Represents transfer from capital work in progress to various classes of assets

15.2.2 Includes amount transferred to prepayment, deposit for import and Itori Cement Plc.

15.2.3 Represents motor trucks disposed last year and heavy motorized equipments disposed during the year

15.2.4 Represents write off and impairment on damaged motor trucks and plant and machinery charged to profit or loss last year and write back of impairment after reassessing the damaged motor trucks and trailers during the year

15.2.5 Some borrowings are secured by a debenture on all the fixed and floating assets of the company

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

16. Intangible assets

Group

	Computer software ₦'million	Exploration assets ₦'million	Total ₦'million
Cost			
At 1st January, 2015	2,302	2,169	4,471
Additions	282	16	298
Other reclassifications (Note 16.1)	-	(772)	(772)
Effect of foreign currency differences	(31)	(227)	(258)
Balance at 31st December, 2015	**2,553**	**1,186**	**3,739**
Additions	660	85	745
Other reclassifications	(75)	-	(75)
Effect of foreign currency differences	718	941	1,659
Balance at 31st December, 2016	**3,856**	**2,212**	**6,068**
Amortization			
At 1st January, 2015	757	15	772
Amortization expense	384	14	398
Effect of foreign currency differences	(36)	(5)	(41)
Balance at 31st December, 2015	**1,105**	**24**	**1,129**
Amortization expense	531	17	548
Effect of foreign currency differences	223	23	246
Balance at 31st December, 2016	**1,859**	**64**	**1,923**
Carrying amounts:			
At 31st December, 2015	1,448	1,162	2,610
At 31st December, 2016	**1,997**	**2,148**	**4,145**

Intangible assets (computer software) represent software which is amortized on a straight line basis

There are no development expenditure capitalised as internally generated intangible asset.

16.1 Represents exploration assets reclassified to property, plant and equipment at the completion of the plant

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

Company	Computer software ₦'million	Exploration assets ₦'million	Total ₦'million
Cost			
At 1st January, 2015	1,278	-	1,278
Balance at 31st December, 2015	**1,278**	**-**	**1,278**
Additions	28	-	28
Balance at 31st December, 2016	**1,306**	**-**	**1,306**
Amortization			
At 1st January, 2015	596	-	596
Amortization expense	297	-	297
Balance at 31st December, 2015	**893**	**-**	**893**
Amortization expense	300	-	300
Balance at 31st December, 2016	**1,193**	**-**	**1,193**
Carrying amount:			
At 31st December, 2015	385	-	385
At 31st December, 2016	**113**	**-**	**113**

There are no development expenditure capitalised as internally generated intangible asset.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

17. Information regarding subsidiaries and associate

17.1 Subsidiaries

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

Name of subsidiary	Principal Activity	Place of incorporation and operation	Proportion of ownership or voting power held by the Group 31-Dec-16	31-Dec-15
Dangote Cement South Africa (Pty) Limited	Cement production	South Africa	64.00%	64.00%
Dangote Industries (Ethiopia) Plc	Cement production	Ethiopia	94.00%	94.00%
Dangote Industries (Zambia) Limited	Cement production	Zambia	75.00%	75.00%
Dangote Cement Senegal S.A	Cement production	Senegal	90.00%	90.00%
Dangote Cement Cameroun S.A	Cement grinding	Cameroun	80.00%	80.00%
Dangote Industries Limited, Tanzania	Cement production	Tanzania	70.00%	70.00%
Dangote Cement Congo S.A	Cement production	Congo	100.00%	100.00%
Dangote Cement (Sierra Leone) Limited	Bagging and distribution of cement	Sierra Leone	99.60%	99.60%
Dangote Cement Cote D'Ivoire S.A	Bagging and distribution of cement	Cote D'Ivoire	80.00%	80.00%
Dangote Industries Gabon S.A	Cement grinding	Gabon	80.00%	80.00%
Dangote Cement Ghana Limited	Bagging and distribution of cement	Ghana	100.00%	100.00%
Dangote Cement - Liberia Ltd.	Bagging and distribution of cement	Liberia	100.00%	100.00%
Dangote Cement Bukina faso SA	Selling and distribution of cement	Burkina Faso	95.00%	95.00%
Dangote Cement Chad SA	Selling and distribution of cement	Chad	95.00%	95.00%
Dangote Cement Mali SA	Selling and distribution of cement	Mali	95.00%	95.00%
Dangote Cement Niger SARL	Selling and distribution of cement	Niger	95.00%	95.00%
Dangote Industries Benin S.A.	Selling and distribution of cement	Benin	98.00%	98.00%
Dangote Cement Togo S.A.	Selling and distribution of cement	Togo	90.00%	90.00%
Dangote Cement Kenya Limited	Cement production	Kenya	90.00%	90.00%
Dangote Quarries Kenya Limited	Limestone mining	Kenya	90.00%	90.00%
Dangote Cement Madagascar Limited	Cement production	Madagascar	95.00%	95.00%
Dangote Quarries Mozambique Limitada	Cement production	Mozambique	95.00%	95.00%
Dangote Cement Nepal Pvt. Ltd.	Cement production	Nepal	100.00%	100.00%
Dangote Zimbabwe Holdings (Private) Limited	Cement production	Zimbabwe	90.00%	90.00%
Dangote Cement Zimbabwe (Private) Limited	Cement production	Zimbabwe	90.00%	90.00%
Dangote Energy Zimbabwe (Private) Limited	Power production	Zimbabwe	90.00%	90.00%
Dangote Mining Zimbabwe (Private) Limited	Coal production	Zimbabwe	90.00%	90.00%
Dangote Cement Guinea SA	Cement production	Guinea	95.00%	95.00%
Cimenterie Obajana Sprl- D.R. Congo	Cement production	D.R. Congo	98.00%	98.00%
Itori Cement Plc.	Cement production	Nigeria	99.00%	-
Okpella Cement Plc.	Cement production	Nigeria	99.00%	-
Dangote Takoradi Cement Production Limited	Cement drinding	Ghana	99.00%	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

Indirect Subsidiaries Names of Dangote Cement South Africa (Pty) Limited Subsidiaries		**Percentage of voting power held by Dangote Cement South Africa (Pty) Limited**	**2016**	**2015**
Sephaku Development (Pty) Ltd	Mining right holder	South Africa	100.00%	100.00%
Sephaku Delmas Properties (Pty) Ltd	Investment property	South Africa	100.00%	100.00%
Blue Waves Properties 198 (Pty) Ltd	Exploration	South Africa	100.00%	100.00%
Sephaku Limestone and Exploration (Pty) Ltd	Exploration	South Africa	80.00%	80.00%
Sephaku Enterprise Development (Pty) Ltd	Social responsibility	South Africa	100.00%	100.00%
Portion 11 Klein Westerford Properties (Pty) Ltd	Investment property	South Africa	100.00%	100.00%
Name of Dangote Industries (Zambia) Ltd subsidiary		**Percentage of voting power held by Dangote Ind. (Zambia) Ltd**		
Dangote Quarries (Zambia) Ltd	Limestone mining	Zambia	49.90%	49.90%

17.2 Investments in subsidiaries	**Group**		**Company**	
	31-Dec-16 ₦'million	**31-Dec-15 ₦'million**	**31-Dec-16 ₦'million**	**31-Dec-15 ₦'million**
Dangote Cement South Africa (Pty) Limited	-	-	25,381	24,283
Dangote Industries (Ethiopia) Plc*	-	-	39,338	1,619
Dangote Industries (Zambia) Limited	-	-	-	-
Dangote Cement Senegal S.A	-	-	29	29
Dangote Cement Cameroun S.A	-	-	9	9
Dangote Cement Ghana Limited	-	-	-	-
Dangote Industries Limited, Tanzania	-	-	13,851	70
Dangote Cement Congo S.A	-	-	3	3
Dangote Cement (Sierra Leone) Limited	-	-	18	18
Dangote Cement Cote D'Ivoire S.A	-	-	16	16
Dangote Industries Gabon S.A	-	-	6	6
Dangote Cement Marketing Senegal SA	-	-	-	4
Dangote Cement Bukina faso SA	-	-	3	3
Dangote Cement Chad SA	-	-	3	3
Dangote Cement Mali SA	-	-	3	3
Dangote Cement Niger SARL	-	-	5	5
Dangote Cement Madagascar Limited	-	-	-	-
Dangote Industries Benin S.A.	-	-	3	3
Dangote Cement Togo S.A.	-	-	5	1
Dangote Cement - Liberia Ltd.	-	-	-	-
Dangote Cement Kenya Limited	-	-	-	-
Dangote Quarries Kenya Limited	-	-	-	-
Dangote Quarries Mozambique Limitada	-	-	-	-
Dangote Cement Nepal Pvt. Ltd.	-	-	-	-
Dangote Zimbabwe Holdings (Private) Limited	-	-	-	-
Dangote Cement Zimbabwe (Private) Limited	-	-	-	-
Dangote Energy Zimbabwe (Private) Limited	-	-	-	-
Dangote Mining Zimbabwe (Private) Limited	-	-	-	-
Dangote Cement Guinea SA	-	-	-	-
Cimenterie Obajana Sprl- D.R. Congo	-	-	-	-
Itori Cement Plc.	-	-	-	-
Okpella Cement Plc.	-	-	-	-
Dangote Takoradi Cement Production Limited	-	-	-	-
	-	**-**	**78,673**	**26,075**

* Part of the loan advanced to Dangote Industries Ethiopia Plc was converted to equity during the year resulting in the incease in the investment.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

17.3 Investment in associate	Group		Company	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
	₦'million	₦'million	₦'million	₦'million
Societe des Ciments d' Onigbolo	1,582	1,582	1,582	1,582
	1,582	**1,582**	**1,582**	**1,582**

The entity is not yet in to full operations and the share of income attributable to the group is immaterial.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

17.4 Composition of the Group

Information about the composition of the Group at the end of the reporting period is as follows:

Principal activity	Place of incorporation and operation	Number of wholly -owned subsidiaries	
		2016	2015
Cement production	Congo	1	1
Bagging and distribution of cement	Liberia	1	1
Selling and distribution of cement	Senegal	1	1
Bagging and distribution of cement	Ghana	1	1
Cement production	Nepal	1	1

Principal activity	Place of incorporation and operation	Number of non wholly -owned subsidiaries	
		2016	2015
Cement production	South Africa	1	1
Cement production	Ethiopia	1	1
Cement production	Zambia	1	1
Cement production	Senegal	1	1
Cement grinding	Cameroun	1	1
Cement production	Tanzania	1	1
Bagging and distribution of cement	Sierra Leone	1	1
Bagging and distribution of cement	Cote D'Ivoire	1	1
Cement Grinding	Gabon	1	1
Selling and distribution of cement	Bukina Faso	1	1
Selling and distribution of cement	Chad	1	1
Selling and distribution of cement	Mali	1	1
Selling and distribution of cement	Niger	1	1
Limestone mining	Kenya	1	1
Cement production	Kenya	1	1
Cement production	Madagascar	1	1
Selling and distribution of cement	Benin	1	1
Selling and distribution of cement	Togo	1	1
Cement production	Mozambique	1	1
Holding company	Zimbabwe	1	1
Cement production	Zimbabwe	1	1
Power production	Zimbabwe	1	1
Coal production	Zimbabwe	1	1
Cement production	Guinea	1	1
Cement production	D.R. Congo	1	1
Cement production	Nigeria	2	-
Cement Grinding	Ghana	1	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

17.5 Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2016	2015	2016 ₦'million	2015 ₦'million	2016 ₦'million	2015 ₦'million
Sephaku Cement (Pty) Limited	South Africa	36.00%	36.00%	769	(174)	11,626	5,367
Dangote Industries (Zambia) Ltd	Zambia	25.00%	25.00%	470	(1,017)	(2,945)	(3,819)
Dangote Industries (Ethiopia) Plc	Ethiopia	6.00%	6.00%	47	76	(797)	(228)
Dangote Industries Limited	Tanzania	30.00%	30.00%	(6,409)	(436)	(13,169)	(3,609)
Dangote Cement Senegal S.A	Senegal	10.00%	10.00%	(846)	(1,208)	(5,359)	(2,951)
Dangote Cement Cameroun S.A	Cameroun	20.00%	20.00%	(498)	(417)	(1,820)	(844)

17.6 Summarised below is the financial information in respect of the Group's subsidiaries that have material non-controlling interests. Information below represent amounts before intragroup eliminations.

	Dangote Cement South Africa (Pty) Limited 2016 ₦'million	Dangote Industries (Zambia) Limited 2016 ₦'million	Dangote Industries (Ethiopia) Plc 2016 ₦'million	Dangote Industries Limited, Tanzania 2016 ₦'million	Dangote Cement Senegal S.A 2016 ₦'million	Dangote Cement Cameroun S.A 2016 ₦'million
Information in respect of the financial position of the subsidiaries						
Current assets	17,923	5,973	49,577	28,657	7,313	6,044
Non-current assets	79,952	104,564	115,705	104,342	72,201	36,035
Current liabilities	25,082	122,069	140,836	160,087	132,905	29,927
Non-current liabilities	40,498	246	8	3,029	197	21,251
Equity attributable to owners of the Company	32,217	(11,778)	24,438	(30,117)	(53,588)	(9,099)
Non-controlling interests	78	-	-	-	-	-
Information in respect of the profit and loss and other comprehensive income						
Revenue	41,381	16,968	40,071	12,022	19,937	31,194
Expenses	(38,234)	(27,879)	(42,094)	(33,385)	(28,396)	(33,655)
Tax credit	(1,012)	12,792	2,805	-	-	(31)
Profit/(loss) for the year	**2,135**	**1,881**	**782**	**(21,363)**	**(8,459)**	**(2,492)**
Profit/(loss) attributable to owners of the Company	1,366	1,411	735	(14,954)	(7,613)	(1,994)
Profit/(loss) attributable to the non-controlling interests	769	470	47	(6,409)	(846)	(498)
Profit/(loss) for the year	**2,135**	**1,881**	**782**	**(21,363)**	**(8,459)**	**(2,492)**
Other comprehensive income	-	9,852	(7,206)	(487)	-	-
Total comprehensive income for the year	**2,135**	**11,733**	**(6,424)**	**(21,850)**	**(8,459)**	**(2,492)**
Total comprehensive income attributable to owners of the Company	1,366	8,800	(6,038)	(15,295)	(7,613)	(1,994)
Total comprehensive income attributable to the non-controlling interests	769	2,933	(386)	(6,555)	(846)	(498)
Total comprehensive income for the year	**2,135**	**11,733**	**(6,424)**	**(21,850)**	**(8,459)**	**(2,492)**
Information in respect of the cash flows of the Subsidiary						
Dividends paid to non-controlling interests	-	-	-	-	-	-
Net cash inflow/(outflow) from operating activities	9,519	17,084	15,478	(36,026)	4,360	2,233
Net cash inflow/(outflow) from investing activities	2,088	(3,103)	(3,993)	(3,169)	(4,556)	(6,167)
Net cash (outflow)/inflow from financing activities	(13,098)	(16,874)	3,753	41,867	(1,588)	-
Net cash (outflow)/inflow	**(1,491)**	**(2,893)**	**15,238**	**2,672**	**(1,784)**	**(3,934)**

17.6 Summarised below is the financial information in respect of the Group's subsidiaries that have material non-controlling interests. Information below represent amounts before intragroup eliminations.

	Dangote Cement South Africa (Pty) Limited 2015 ₦'million	Dangote Industries (Zambia) Limited 2015 ₦'million	Dangote Industries (Ethiopia) Plc 2015 ₦'million	Dangote Industries Limited, Tanzania 2015 ₦'million	Dangote Cement Senegal S.A 2015 ₦'million	Dangote Cement Cameroun S.A 2015 ₦'million
Information in respect of the financial position of the subsidiaries						
Current assets	11,353	4,882	19,469	4,697	5,910	4,411
Non-current assets	47,330	54,679	79,043	74,601	48,089	21,422
Current liabilities	16,181	73,856	102,256	91,327	82,051	30,018
Non-current liabilities	27,593	982	-	50	1,460	33
Equity attributable to owners of the Company	14,831	(15,277)	(3,794)	(12,030)	(29,512)	(4,218)
Non-controlling interests	78	-	-	-	-	-
Information in respect of the profit and loss and other comprehensive income						
Revenue	35,393	8,854	16,961	-	13,900	12,933
Expenses	(36,242)	(12,922)	(15,695)	(1,454)	(25,977)	(14,877)
Tax credit	366	-	-	-	-	(146)
(Loss)/Profit for the year	**(483)**	**(4,068)**	**1,266**	**(1,454)**	**(12,077)**	**(2,090)**
Profit/(loss) attributable to owners of the Company	(309)	(3,051)	1,190	(1,018)	(10,869)	(1,673)
Profit/(loss) attributable to the non-controlling interests	(174)	(1,017)	76	(436)	(1,208)	(417)
(Loss)/Profit for the year	**(483)**	**(4,068)**	**1,266**	**(1,454)**	**(12,077)**	**(2,090)**
Other comprehensive income	-	(15,763)	(3,591)	(10,779)	-	-
Total comprehensive income for the year	**(483)**	**(19,831)**	**(2,325)**	**(12,233)**	**(12,077)**	**(2,090)**
Total comprehensive income attributable to owners of the Company	(309)	(14,873)	(2,185)	(8,563)	(10,869)	(1,673)
Total comprehensive income attributable to the non-controlling interests	(174)	(4,958)	(140)	(3,670)	(1,208)	(417)
Total comprehensive income for the year	**(483)**	**(19,831)**	**(2,325)**	**(12,233)**	**(12,077)**	**(2,090)**
Information in respect of the cash flows of the Subsidiary						
Dividends paid to non-controlling interests	-	-	-	-	-	-
Net cash inflow/(outflow) from operating activities	5,239	(8,883)	6,358	(5,541)	(916)	4,514
Net cash inflow/(outflow) from investing activities	(196)	(21,280)	(17,441)	(30,048)	(996)	(7,786)
Net cash (outflow)/inflow from financing activities	(1,998)	32,544	21,163	35,752	3,323	4,243
Net cash (outflow)/inflow	**3,045**	**2,381**	**10,080**	**163**	**1,411**	**971**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

17.7 Change in the Group's ownership interest in a subsidiary

There was no change in the Group's ownership interest in its subsidiaries from the prior year. However, additional subsidiaries were incorporated in Nigeria and Ghana during the year.

17.8 Significant restrictions

There are no significant restrictions on the Company's or its subsidiaries' ability to access or use its assets to settle the liabilities of the Group.

17.9 Financial support to consolidated structured entities

During the year, the Company provided financial support to its subsidiaries for capital development and/or for operational purposes. Assistance rendered was always in the form of funds transferred to them for the normal running of their operations or on their behalf to vendors/contractors for settlement of commitments.

As part of the requirements of the Syndicated Term Loan of R1.95bn facility from Nedbank Capital and Standard Bank of South Africa for the finance of the Group's South African plant in 2012, the Company extended an interest bearing subordinated loan to Dangote Cement South Africa (Pty) Limited to the tune of R265 Million as a guarantee to help access the remainder of its loan with Nedbank/Standard Bank. This loan is expected to be repaid in two tranches at an interest rate of Johannesburg Inter-Bank Agreed Rate (JIBAR) plus 4% per annum but in order for the Company to fulfil this, it entered into a contractual obligation with Zenith Bank Plc. to avail a credit facility for a Term Loan to be on lent to Dangote Cement South Africa (Pty) Limited. The loan has a quarterly interest rate payment of 6% per annum and is expected to have a bullet repayment of the principal upon maturity which is 48 months from the date the loan was advanced. In addition, the loan has been secured by a debenture over fixed and floating assets of Dangote Cement Plc.

All financial support given on behalf of the subsidiaries have been accounted for as receivables from subsidiaries and eliminated on consolidation.

The table below shows the financial support given to major subsidiaries by the Company during the year:

	2016 ₦'million	2015 ₦'million
Dangote Cement Ghana Limited	506	568
Dangote Cement Senegal S.A	129	1,503
Dangote Industries (Zambia) Limited	1,260	3,713
Dangote Cement Cameroun S.A	1,457	3,826
Dangote Industries (Ethiopia) Plc	4,836	13,352
Dangote Industries Limited, Tanzania	10,179	19,780
Dangote Cement (Sierra Leone) Limited	1,092	486
Dangote Cement Congo S.A	10,834	12,616
Dangote Cement Cote D'Ivoire S.A	5,045	839
Dangote Industries Gabon S.A	-	2
Dangote Cement Liberia Ltd.	57	123
	35,395	**56,808**

The Group management has continued to show its intention to provide financial support to its subsidiaries and to assist, when necessary, any subsidiary to obtain financial support in the future and does not envisage any material risk as a result of this. Interest charged to the subsidiaries on the advances extended to them during the year was between 5% to 10% per annum.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

18. Prepayments

18.1 Prepayments for property, plant & equipment

	Group		Company	
	31-Dec-16 ₦'million	31-Dec-15 ₦'million	31-Dec-16 ₦'million	31-Dec-15 ₦'million
Non-current				
Advances to contractors	13,196	9,094	-	-
Total non-current prepayments	**13,196**	**9,094**	**-**	**-**

18.2 Prepayments and other current assets

	Group		Company	
	31-Dec-16 ₦'million	31-Dec-15 ₦'million	31-Dec-16 ₦'million	31-Dec-15 ₦'million
Advances to contractors	15,126	18,009	2,109	11,726
Deposits for import	36,774	24,295	36,360	24,295
Deposit for supplies	5,144	7,412	2,019	5,829
Rent, rates and insurance	2,627	2,167	1,359	1,528
Total current prepayments	**59,671**	**51,883**	**41,847**	**43,378**
Related Party Transactions				
Parent company	-	-	-	-
Entities controlled by the parent company	18,537	8,169	18,537	8,169
Affiliates and associates of parent company	72	474	-	456
Total related party transactions	**18,609**	**8,643**	**18,537**	**8,625**
Prepayments and other current assets	**78,280**	**60,526**	**60,384**	**52,003**

Non-current advances to contractors represent various advances made to contractors for the construction of plants while current advances to contractors represent various advances made for the purchase of materials which were not received at the year end.

19. Inventories

	Group		Company	
	31-Dec-16 ₦'million	31-Dec-15 ₦'million	31-Dec-16 ₦'million	31-Dec-15 ₦'million
Finished product	5,363	5,732	3,310	4,118
Work-in-progress	10,336	7,441	3,734	2,220
Raw materials	4,925	3,917	1,456	2,516
Packaging materials	4,262	3,474	2,636	1,299
Consumables	9,936	2,184	7,931	2,006
Fuel	14,861	7,165	11,465	5,943
Spare parts	30,948	21,904	24,926	20,163
Goods in transit	2,272	1,301	392	104
	82,903	**53,118**	**55,850**	**38,369**

The cost of inventories recognised as an expense during the year was ₦212.37 billion and ₦115.64 billion (2015: ₦116.72 billion and ₦79.75 billion) in the consolidated and separate financial statements respectively.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

20. Trade and other receivables	**Group**		**Company**	
	31-Dec-16	**31-Dec-15**	**31-Dec-16**	**31-Dec-15**
	₦'million	**₦'million**	**₦'million**	**₦'million**
Trade receivables	16,695	7,559	10,454	3,924
Impairment allowance on trade receivables	(708)	(1,325)	(627)	(1,298)
	15,987	**6,234**	**9,827**	**2,626**
Staff loans and advances	1,398	1,045	1,150	919
Other receivables	8,894	4,265	880	707
Total trade and other receivables	**26,279**	**11,544**	**11,857**	**4,252**

Trade receivables

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

Of the trade receivables balance at the end of the year in the consolidated and separate financial statements respectively, ₦537.0 million (2015: ₦603.6 million) and ₦4.2 billion (2015: ₦603.6 million) is due from the Group's and company's largest trade debtor respectively. There are no other customers who represent more than 9% of the total balance of trade receivables of the Group after impairment. Trade receivables that are neither past due nor impaired are considered to be of high quality as most of these are guaranteed by reputable banks.The company's largest trade debtor is a subsidiary and the amount is eliminated on consolidation.

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

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

Age of receivables that are past due and not impaired

	Group		**Company**	
	31-Dec-16	**31-Dec-15**	**31-Dec-16**	**31-Dec-15**
	₦'million	**₦'million**	**₦'million**	**₦'million**
0 - 60 days	5,536	1,848	3,878	1,120
60 - 90 days	1,599	253	1,068	85
90 - 120 days	3,568	247	3,463	139
120+	872	625	802	625
Total	**11,575**	**2,973**	**9,211**	**1,969**
Average age (days)	**43**	**32**	**48**	**26**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

Movement in the allowance for doubtful debts	Group		Company	
	31-Dec-16 ₦'million	31-Dec-15 ₦'million	31-Dec-16 ₦'million	31-Dec-15 ₦'million
Balance at the beginning of the year	1,325	1,303	1,298	1,298
Impairment losses recognised on receivables	54	22	-	-
Amounts written off during the year as uncollectible	(671)	-	(671)	-
Balance at the end of the year	**708**	**1,325**	**627**	**1,298**

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

Age of past due and impaired trade receivables	Group		Company	
	31-Dec-16 ₦'million	31-Dec-15 ₦'million	31-Dec-16 ₦'million	31-Dec-15 ₦'million
60-90 days	3	4	-	
90-120 days	24	1	-	-
120+ days	681	1,320	627	1,298
	708	**1,325**	**627**	**1,298**

21. Share capital and reserves	31-Dec-16 ₦'million	31-Dec-15 ₦'million
Issued and fully paid		
21.1 Share capital 17,040,507,405 (2015: 17,040,507,405) ordinary shares of ₦ 0.5 each	8,520	8,520
Share premium	42,430	42,430

21.2 Authorised share capital

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

Fully paid ordinary shares carry one vote per fully paid up share and a right to dividends when declared and approved.

21.3 Currency translation reserve

Exchange difference relating to the translation of the results and net investments of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e Currency Units) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of foreign operations

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

21.4 Capital Contribution

A subordinated loan was obtained by the Company from the immediate parent, Dangote Industries Limited in 2010. The interest on the long term portion was waived for 2011. Given the favourable terms at which the Company secured the loan, an amount of ₦2.8 billion which is the difference between the fair value of the loan on initial recognition and the amount received, has been accounted for as a capital contribution.

21.5 Employee benefit reserve

The employee benefit reserve arises on the re-measurement of the defined benefit plan. Items of other comprehensive income included in the employee benefit reserve will not be reclassified subsequently to profit or loss.

22. Dividend

On 19th April, 2016, a dividend of ₦8.00 per share (total dividend ₦136.3 billion) was approved by shareholders to be paid to holders of fully paid ordinary shares in relation to the 2015 financial year.

In respect of the current year, the Directors proposed a dividend of ₦8.50 per share. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these consolidated and separate financial statements.

23. Trade and other payables

	Group		Company	
	31-Dec-16 ₦'million	31-Dec-15 ₦'million	31-Dec-16 ₦'million	31-Dec-15 ₦'million
Trade payables	83,164	44,044	53,660	30,341
Payable to contractors	33,851	34,234	22,532	19,893
Value added tax	651	1,520	399	110
Withholding tax payable	8,439	5,006	2,351	1,557
Defined contribution plan (Note 28.1)	211	44	41	40
Advances from customers	44,077	11,286	35,783	8,769
Suppliers' credit	42,353	-	42,353	-
Other accruals and payables	56,220	31,463	21,448	18,874
Total trade and other payables	**268,966**	**127,597**	**178,567**	**79,584**

The average credit period on purchases of goods is 94 days (2015: 80 days). Normally, no interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid in line with the pre-agreed credit terms.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

24. Financial liabilities	Group		Company	
	31-Dec-16 ₦'million	31-Dec-15 ₦'million	31-Dec-16 ₦'million	31-Dec-15 ₦'million
Unsecured borrowings at amortised cost				
Subordinated loans (Note 24(a))	29,998	29,989	29,998	29,989
Loans from Dangote Industries Limited	46,097	146,200	46,097	146,200
Bulk Commodities loans	9,794	657	1,004	657
Loans from Dangote Oil Refinery Company	130,000	-	130,000	-
	215,889	**176,846**	**207,099**	**176,846**
Secured borrowings at amortised cost				
Power intervention loan (Note 24 (b))	12,496	14,661	12,496	14,661
Bank loans	128,080	53,462	42,683	16,411
	140,576	**68,123**	**55,179**	**31,072**
Total borrowings at 31st December	**356,465**	**244,969**	**262,278**	**207,918**
Long-term portion of loans and borrowings	**152,475**	**208,329**	**86,182**	**181,384**
Current portion repayable in one year and shown under current liabilities	197,698	33,693	176,096	26,534
Overdraft balances	6,292	2,947	-	-
Short-term portion	**203,990**	**36,640**	**176,096**	**26,534**
Interest payable	16,310	10,635	16,174	10,635
Financial liabilities (short term)	**220,300**	**47,275**	**192,270**	**37,169**

(a) A subordinated loan of ₦55.4 billion was obtained by the Company from Dangote Industries Limited in 2010. ₦30 billion was long-term and the remaining balance was short term and is repayable on demand. The long-term loan is unsecured, with interest at 10% per annum and is repayable in 3 years after a moratorium period ending 31st March, 2017. The interest on the long term portion was waived for 2011. Given the favourable terms at which the Company secured the loan, an amount of ₦2.8 billion which is the difference between the fair value of the loan on initial recognition and the amount received, has been accounted for as a capital contribution."

(b) In 2011 and 2012, the Bank of Industry through Guaranty Trust Bank Plc and Access Bank Plc granted the Company the sum of ₦24.5 billion long-term loan repayable over 10 years at an all-in annual interest rate of 7% for part financing or refinancing the construction cost of the power plants at the Company's factories under the Power and Aviation Intervention Fund. The loan has a moratorium of 12 months. Given the concessional terms at which the Company secured the loan, it is considered to have an element of government grant. Using prevailing market interest rates for an equivalent loan of 12.5%, the fair value of the loan is estimated at ₦20.7 billion. The difference of ₦3.8 billion between the gross proceeds and the fair value of the loan is the benefit derived from the low interest loan and is recognised as deferred revenue. The facility is secured by a debenture on all fixed and floating assets of the Company to be shared pari passu with existing lenders.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

	Currency	Nominal interest rate	Group Maturity on demand	31-Dec-16 ₦'million	31-Dec-15 ₦'million
Bank overdrafts			On demand	6,292	2,947
Other borrowings					
Subordinated loans from Parent company	Naira	MPR +1%	12/2019	29,998	29,989
Other loans from Parent Company	Naira	MPR +1%	12/2019	46,097	146,200
Loan from Bulk Commodities Inc.	USD	6%	On demand	9,794	657
Loans from Dangote Oil Refinery Company	Naira	MPR +1%	12/2017	130,000	-
Power intervention loan	Naira	7%	07 & 12/2021	12,496	14,661
Short term loans from Banks	USD	6%	2017	47,604	19,163
Long term bank loans	CFA	8.50%	07/2021	24,028	-
Nedbank/Standard Bank Loan	Rands	9.95%	11/2022	50,156	31,352
				350,173	**242,022**
Total borrowings at 31st December				**356,465**	**244,969**

	Currency	Nominal interest rate	Company Maturity on demand	31-Dec-16 ₦'million	31-Dec-15 ₦'million
Other borrowings					
Subordinated loans	Naira	MPR +1%	12/2019	29,998	29,989
Loans from Parent Company	Naira	MPR +1%	12/2019	46,097	146,200
Loan from Bulk Commodities Inc.	USD	6%	On demand	1,004	657
Loans from Dangote refinery	Naira	MPR +1%	12/2017	130,000	-
Power intervention loan	Naira	7%	07 & 12/2021	12,496	14,661
Short term loans from Banks	USD	6%	2017	42,683	16,411
Total borrowings at 31st December				**262,278**	**207,918**

The maturity profiles of borrowings are as follows:

	Group		Company	
	31-Dec-16 ₦'million	31-Dec-15 ₦'million	31-Dec-16 ₦'million	31-Dec-15 ₦'million
Due within one month	6,699	3,353	406	406
Due from one to three months	3,071	4,104	250	250
Due from three to twelve months	194,220	29,183	175,440	25,878
Total current portion repayable in one year	**203,990**	**36,640**	**176,096**	**26,534**
Due in the second year	19,145	97,032	2,625	92,625
Due in the third year	16,111	7,036	2,625	2,625
Due in the fourth year	41,111	36,395	27,625	31,985
Due in the fifth year and further	76,108	67,866	53,307	54,149
Total long-term portion of loans and borrowings	**152,475**	**208,329**	**86,182**	**181,384**
Total	**356,465**	**244,969**	**262,278**	**207,918**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

25. Deferred revenue	**Group**		**Company**	
	31-Dec-16 ₦'million	**31-Dec-15 ₦'million**	**31-Dec-16 ₦'million**	**31-Dec-15 ₦'million**
25.1 Deferred revenue arising from government grant (refer to (a) below	1,446	1,390	975	1,390
	1,446	**1,390**	**975**	**1,390**
Current	374	415	346	415
Non-current	1,072	975	629	975
	1,446	**1,390**	**975**	**1,390**

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

Movement in deferred revenue	**Group**		**Company**	
	31-Dec-16 ₦'million	**31-Dec-15 ₦'million**	**31-Dec-16 ₦'million**	**31-Dec-15 ₦'million**
At 1st January	1,390	1,868	1,390	1,868
Additions during the year	473	-	-	-
	1,863	**1,868**	**1,390**	**1,868**
Released to profit and loss account (Other income)	(417)	(478)	(415)	(478)
Closing balance	**1,446**	**1,390**	**975**	**1,390**

25.2 Other current liabilities				
Current portion of deferred revenue	374	415	346	415
Related party transactions				
Parent company	8,003	7,291	8,003	7,256
Entities controlled by the parent company	1,956	1,387	1,237	1,035
Affiliates and associates of parent company	7,974	15,444	5,497	13,822
Total of related party transactions	**17,933**	**24,122**	**14,737**	**22,113**
Other current liabilities	**18,307**	**24,537**	**15,083**	**22,528**

26. Provisions for liabilities and other charges	**Group**		**Company**	
	31-Dec-16 ₦'million	**31-Dec-15 ₦'million**	**31-Dec-16 ₦'million**	**31-Dec-15 ₦'million**
Balance at beginning of the year	3,283	4,011	619	295
Effect of foreign exchange differences	123	(44)	-	-
Provisions made during the year	1,854	810	1,615	286
Write back of provision no longer required	(1,984)	(1,532)	-	-
Unwinding of discount	68	38	68	38
Balance at the end of the year	**3,344**	**3,283**	**2,302**	**619**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

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

27. Long term payables	**Group**		**Company**	
	31-Dec-16 ₦'million	**31-Dec-15 ₦'million**	**31-Dec-16 ₦'million**	**31-Dec-15 ₦'million**
Balance at beginning of the year	24,442	-	24,442	-
Credit obtained during the year	21,354	24,442	3,624	24,442
Transfer to short term	(42,353)	-	(42,353)	-
Foreign exchange differences	14,287	-	14,287	-
Balance at the end of the year	**17,730**	**24,442**	**-**	**24,442**

Long term payables represent amounts payable for trucks acquired on 2 to 3 years suppliers' credit.

28. Employee benefits	**Group**		**Company**	
28.1 Defined contribution plans	**31-Dec-16 ₦'million**	**31-Dec-15 ₦'million**	**31-Dec-16 ₦'million**	**31-Dec-15 ₦'million**
Balance at beginning of the year	44	134	40	94
Provision for the year	2,292	931	1,534	658
Payments during the year	(2,125)	(1,021)	(1,533)	(712)
Balance at the end of the year	**211**	**44**	**41**	**40**

Provisions for staff pensions have been made in the financial statements in accordance with the relevant pension rules applicable in the country. The accrual at 31st December, 2016 amounted to ₦211 million (2015: ₦44 million) for the Group.

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

The total expense recognised in profit or loss of ₦2.29 billion (2015: ₦931 million) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

28.2 Defined benefit plan

The Group used to operate a funded defined benefit plan (gratuity) for qualifying employees of the Group. This scheme has been discontinued with accrued benefits up to 31st December, 2014 transferred to an independent fund. The difference between the assets transferred to the fund and the accrued benefits is carried in the Statement of Financial position as a current liability.

The plan typically exposes the Group to actuarial risks such as; investment risk, interest rate risk, longevity risk and salary risk.

Investment risk The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan assets is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in Government Securities and money market instruments. Due to the long-term nature of the plan liabilities, the board of the pension fund considers it appropriate that a reasonable portion of the plan assets should be invested in equity securities and in real estate to leverage the return generated by the fund.

Interest rate risk A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants during their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

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

	Group & Company	
	31-Dec-16	**31-Dec-15**
	%	**%**
Discount rate(s)	-	12
Expected rate(s) of salary increase	-	11
Inflation rate	-	9

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

	Group & Company	
	31-Dec-16	**31-Dec-15**
	₦'million	**₦'million**
At 1st January	**974**	**964**
Interest income	-	164
Re-measurement loss- Return on plan assets excluding amounts included in net interest expense	-	(47)
Benefit paid by the employer	-	(107)
Curtailment	(974)	-
At 31st December	**-**	**974**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

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

	Group & Company	
	31-Dec-16	31-Dec-15
	₦'million	₦'million
At 1st January	**4,966**	**3,034**
Current service cost	-	646
Interest cost	-	449
Re-measurement (gains)/losses		
Actuarial losses/(gains)	-	944
Curtailment	(4,966)	-
Benefits paid	-	(107)
At 31st December	**-**	**4,966**

The major categories of plan assets, and the expected rate of return at the end of 2015 for each category, are as follows.

	Group & Company		Group & Company	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
	%	%	₦'million	₦'million
Government securities	-	14	-	425
Cash	-	-	-	-
Money market instruments	-	13	-	560
			-	985
Liability on plan asset			-	(11)
			-	**974**

The fair value of the above assets are based on quoted prices in active markets as at 31st December, 2015
The actual return on plan assets in 2015 was ₦117.1 million

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

	Group & Company	
	31-Dec-16	31-Dec-15
	₦'million	₦'million
Current service cost	-	646
Net Interest expense	-	285
Curtailment credit	(2,985)	-
	(2,985)	**931**

Amounts recognised in other comprehensive income

	Group & Company	
	31-Dec-16	31-Dec-15
	₦'million	₦'million
Re-measurement on the net defined liability		
Actuarial (loss)/gain on defined benefit obligation	-	(944)
Return on plan assets (excluding amounts included in net interest)	-	(47)
	-	**(991)**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

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

	Group & Company	
	31-Dec-16	**31-Dec-15**
	₦'million	**₦'million**
Present value of defined benefit obligations	-	4,966
Fair value of plan assets	-	(974)
Net liability arising from defined benefit obligation	**-**	**3,992**

- If the discount rate is 100 basis points higher (lower), the defined benefit obligation at at 31st December, 2015 would decrease by ₦651 million (increase by ₦792 million).
- If the expected salary growth increases (decreases) by 1%, the defined benefit obligation as at 31st December, 2015 would increase by ₦817 million (decrease by ₦680 million).
- If the the assumed mortality age is rated up (down) by one year, the defined benefit obligation as at 31st December, 2015 would increase by ₦39 million (decrease by ₦35 million).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of 2015, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

29. Financial Instruments

29.1 Capital Management

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

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

	Group		Company	
	31-Dec-16	**31-Dec-15**	**31-Dec-16**	**31-Dec-15**
	₦'million	**₦'million**	**₦'million**	**₦'million**
Net debt (Note 29.1.1)	240,772	204,177	196,768	189,956
Equity	797,345	644,720	981,367	748,479

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

The net debt to equity ratio as on 31st December, 2016 is 30% (2015: 32%).

29.1.1 Debt to equity ratio

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

	Group		Company	
	31-Dec-16 ₦'million	31-Dec-15 ₦'million	31-Dec-16 ₦'million	31-Dec-15 ₦'million
Financial debt (Note 24)	356,465	244,969	262,278	207,918
Cash and bank balances (Note 31.1)	115,693	40,792	65,510	17,962
Net debt	240,772	204,177	196,768	189,956
Equity	797,345	644,720	981,367	748,479
Net debt/ Equity ratio	**0.30**	**0.32**	**0.20**	**0.25**

29.2 Categories of financial instruments	Group		Company	
	31-Dec-16 ₦'million	31-Dec-15 ₦'million	31-Dec-16 ₦'million	31-Dec-15 ₦'million
Financial assets- Loans and receivables				
Cash and bank balances	74,001	24,907	33,173	8,189
Short term deposits	41,692	15,885	32,337	9,773
Trade and other receivables (29.2.1)	26,279	11,544	11,857	4,252
Due from related parties and receivables from subsidiaries	18,609	8,643	651,860	404,542
Total financial assets	**160,581**	**60,979**	**729,227**	**426,756**
Financial liabilities - at amortised cost				
Trade and other payables (29.2.2)	215,799	109,785	140,034	69,148
Financial liabilities (29.2.3)	372,775	255,604	278,452	218,553
Due to related parties	17,933	24,122	14,737	22,113
Long term payables	17,730	24,442	-	24,442
Total financial liabilities	**624,237**	**413,953**	**433,223**	**334,256**

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

29.2.2 Defined as total trade and other payables excluding taxation and advances from customers.

29.2.3 Defined as total borrowings, principal and accrued interest.

29.3 Financial risk management objectives

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

29.4 Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (Note 29.5.1) and interest rates (Note 29.7.1).

29.5 Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Income is primarily earned in local currency for most of the locations with a significant portion of capital expenditure being in foreign currency. The Group manages foreign currency by monitoring our financial position in each country we operate with the aim of having assets and liabilities denominated in the functional currency as much as possible. The carrying amounts of the Group and Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

	Group			
	Liabilities		Assets	
	31-Dec-16 ₦'million	31-Dec-15 ₦'million	31-Dec-16 ₦'million	31-Dec-15 ₦'million
US Dollars	150,791	51,728	15,618	1,606

	Company			
	Liabilities		Assets	
	31-Dec-16 ₦'million	31-Dec-15 ₦'million	31-Dec-16 ₦'million	31-Dec-15 ₦'million
US Dollars	120,004	49,645	622,832	390,580

29.5.1 Foreign currency sensitivity analysis

The Group is mainly exposed to US Dollars.

The following table details the Group and Company's sensitivity to a 35% (2015: 15%) increase and decrease in the Naira against the US Dollar. 35% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 35% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in profit or equity for a 35% change in the exchange rates. A negative number below indicates a decrease in profit or equity for a 35% change in the exchange rates.

	Group		Company	
	31-Dec-16 ₦'million	31-Dec-15 ₦'million	31-Dec-16 ₦'million	31-Dec-15 ₦'million
Effect on Profit or loss/Equity for a 35% (2015:15%) appreciation	33,117	5,263	(123,193)	(35,798)
Effect on Profit or loss/Equity for a 35% (2015:15%) depreciation	(33,117)	(5,263)	123,193	35,798

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

29.6 Credit risk management

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

The Group's and Company's business is predominantly on a cash basis. Revolving credits granted to major distributors and very large corporate customers approximate about ₦5 billion and these are payable within 30 days. Stringent credit control is exercised over the granting of credit, this is done through the review and approval by executive management based on the recommendation of the independent credit control group.

Credit to major distributors are covered by bank guarantee with an average credit period of no more than 30 days.

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

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

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

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

29.6.1 Maximum Exposure to Credit risk	**Group**		**Company**	
	31-Dec-16 ₦'million	**31-Dec-15 ₦'million**	**31-Dec-16 ₦'million**	**31-Dec-15 ₦'million**
Financial assets- Loans and receivables				
Cash and bank balances	74,001	24,907	33,173	8,189
Short term deposits	41,692	15,885	32,337	9,773
Trade and other receivables	26,279	11,544	11,857	4,252
Due from related parties	18,609	8,643	651,860	404,542
	160,581	**60,979**	**729,227**	**426,756**

29.7 Liquidity risk management

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures and preference shares. The Group has access to sufficient sources of funds directly from external sources as well as from the Group's parent.

29.7.1 Liquidity maturity table

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

	Group			
	<1 mth ₦'million	1– 3 mths ₦'million	3 mths – 1yr ₦'million	>1 yr ₦'million
As at 31st December, 2016				
Financial debts	23,708	6,113	203,753	169,964
Trade payables and other payables	173,446	-	42,353	-
Due to related parties	17,933	-	-	-
Long term payables	-	-	-	17,730
Total	**215,087**	**6,113**	**246,106**	**187,694**

	<1 mth ₦'million	1– 3 mths ₦'million	3 mths – 1yr ₦'million	>1 yr ₦'million
As at 31st December, 2015				
Financial debts	14,356	6,557	37,401	228,283
Trade payables and other payables	109,785	-	-	-
Due to related parties	24,122	-	-	-
Long term payables	-	-	-	26,886
Total	**148,263**	**6,557**	**37,401**	**255,169**

	Company			
	<1 mth ₦'million	1– 3 mths ₦'million	3 mths – 1yr ₦'million	>1 yr ₦'million
As at 31st December, 2016				
Financial debts	16,701	2,245	180,622	92,709
Trade payables and other payables	97,681	-	42,353	-
Due to related parties	14,737	-	-	-
Total	**129,119**	**2,245**	**222,975**	**92,709**

	<1 mth ₦'million	1– 3 mths ₦'million	3 mths – 1yr ₦'million	>1 yr ₦'million
As at 31st December, 2015				
Financial debts	11,163	2,243	32,222	195,120
Trade payables and other payables	69,148	-	-	-
Due to related parties	22,113	-	-	-
Long term payables	-	-	-	26,886
Total	**102,424**	**2,243**	**32,222**	**222,006**

Interest Risk

The following table details the sensitivity to a 1% (2015: 1%) increase or decrease in LIBOR which is the range of margin by which the Group and Company envisage changes to occur in 2016.

	Group		Company	
	31-Dec-16 ₦'million	31-Dec-15 ₦'million	31-Dec-16 ₦'million	31-Dec-15 ₦'million
Effect on Profit or loss/Equity for a 1% (2015:1%) increase in rate	(449)	(348)	3,846	2,387
Effect on Profit or loss/Equity for a 1% (2015:1%) decrease in rate	449	348	(3,846)	(2,387)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

29.7.2 Fair valuation of financial assets and liabilities

The carrying amount of trade and other receivables, cash and bank balances and amounts due from and to related parties as well as trade payables, other payables approximate their fair values because of the short-term nature of these instruments and, for trade and other receivables, because of the fact that any loss from recoverability is reflected in an impairment loss. The fair value of financial debt approximate the carrying amount as the loans are pegged to market rates and reset when rates change.

30. Related party transactions

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

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

30.1 Trading transactions

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

	Sale of goods		Purchases of goods	
	31-Dec-16 ₦'million	31-Dec-15 ₦'million	31-Dec-16 ₦'million	31-Dec-15 ₦'million
Parent company	-	-	-	-
Entities controlled by the parent company	7,995	565	111,028	167,348

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

	Sale of goods		Purchases of goods	
	31-Dec-16 ₦'million	31-Dec-15 ₦'million	31-Dec-16 ₦'million	31-Dec-15 ₦'million
Entities controled by the company	6,054	-	-	-
Entities controlled by the parent company	7,995	565	77,007	147,604

In addition to sales and purchases of goods, the Company charged interest amounting to ₦43.8 billion (2015: ₦21.9 billion) on loans granted to subsidiaries. This interest is eliminated on consolidation.

Also during the year, the parent company charged the Group a total interest of ₦29.0 billion (2015: ₦25.2 billion), being the cost of borrowing to finance capital projects and other operational expenses.

Balances at year end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

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

	Group			
	Amounts owed by related parties		Amounts owed to related parties	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Current	**₦'million**	**₦'million**	**₦'million**	**₦'million**
Parent company	-	-	8,003	7,291
Entities controlled by the parent company	18,537	8,169	1,956	1,387
Affiliates and associates of parent company	72	474	7,974	15,444
	18,609	**8,643**	**17,933**	**24,122**

	Company			
	Amounts owed by related parties		Amounts owed to related parties	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Non-Current	**₦'million**	**₦'million**	**₦'million**	**₦'million**
Entities controlled by the company	633,323	395,917	-	-

The above balances represents expenditures on projects in African countries. These are not likely to be repaid within the next twelve months and have been classified under non-current assets.

	Company			
	Amounts owed by related parties		Amounts owed to related parties	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Current	**₦'million**	**₦'million**	**₦'million**	**₦'million**
Parent company	-	-	8,003	7,256
Entities controlled by the parent company	18,537	8,169	1,237	1,035
Affiliates and associates of the parent company	-	456	5,497	13,822
	18,537	**8,625**	**14,737**	**22,113**

30.2 Loans from related parties

	Group		Company	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
	₦'million	**₦'million**	**₦'million**	**₦'million**
Affiliates and associates of the parent company	9,794	657	1,004	657
Entities controlled by the parent company	130,000	-	130,000	-
Loans from parent company	76,095	176,189	76,095	176,189

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

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

30.3 Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows:

	Group		Company	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
	₦'million	₦'million	₦'million	₦'million
Short-term benefits	638	485	632	485
Provision for staff pension benefits	-	-	-	-
	638	**485**	**632**	**485**

Other related party transactions

In addition to the above, Dangote Industries Limited performed certain administrative services for the Company, for which a management fee of ₦3.054 billion (2015: ₦2.839 billion) was charged, being an allocation of costs incurred by relevant administrative departments.

31. Supplemental cash flow disclosures

31.1 Cash and cash equivalents

	Group		Company	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
	₦'million	₦'million	₦'million	₦'million
Cash and bank balances	74,001	24,907	33,173	8,189
Short term deposits	41,692	15,885	32,337	9,773
Total cash and bank balances	**115,693**	**40,792**	**65,510**	**17,962**
Bank overdrafts used for cash management purposes	(6,292)	(2,947)	-	-
Cash and cash equivalents	**109,401**	**37,845**	**65,510**	**17,962**

32. Operating lease arrangements

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

Payments recognised as an expense	Group		Company	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
	₦'million	₦'million	₦'million	₦'million
Minimum lease payments	841	826	706	549

Non-cancellable operating lease commitments	Group		Company	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
	₦'million	₦'million	₦'million	₦'million
Not later than 1 year	700	545	356	341
Later than 1 year and not later than 5 years	756	242	74	46
Later than 5 years	-	-	-	-
	1,456	**787**	**430**	**387**

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2016

33. Commitments for expenditure

	Group		Company	
	31-Dec-16 ₦'million	31-Dec-15 ₦'million	31-Dec-16 ₦'million	31-Dec-15 ₦'million
Commitments for the acquisition of property, plant and equipment	470,294	372,493	257,877	213,673

The Company also has unconfirmed letters of credit amounting to ₦208.97billion (USD686.96 billion) as at year end.

34. Contingent liabilities and contingent assets

No provision has been made in these consolidated and separate financial statements for contingent liabilities in respect of litigations against the Company and its subsidiaries amounting to ₦6.870 billion (2015: ₦32.015 billion). According to the solicitors acting on behalf of the Company and its subsidiaries, the liabilities arising, if any, are not likely to be significant.

35. Subsequent Events

On 24th February, 2017 a dividend of ₦8.50 per share was proposed by the directors for approval at the Annual General Meeting. This will result in a dividend payment of **₦144.8** billion.

FIVE YEAR FINANCIAL SUMMARY OTHER NATIONAL DISCLOSURE

Group Balance sheet	2016 ₦'million	2015 ₦'million	2014 ₦'million	2013 ₦'million	2012 ₦'million
Assets/liabilities					
Property, plant and equipment	1,155,711	917,212	747,794	581,465	478,091
Intangible assets	4,145	2,610	3,699	2,306	1,727
Investments	1,582	1,582	-	-	-
Prepayments for property, plant & equipment	13,196	9,094	79,491	91,716	45,016
Net current liabilities	(209,083)	(34,718)	(95,846)	(15,464)	(12,135)
Deferred taxation assets/(liabilities)	6,415	(10,039)	(3,840)	19,128	8,941
Long term debts	(152,475)	(208,329)	(131,942)	(124,850)	(112,462)
Long term payables	(17,730)	(24,442)	-	-	-
Staff gratuity	-	(3,992)	(2,070)	(1,963)	(1,744)
Other non-current liabilities	(4,416)	(4,258)	(5,401)	(2,245)	(2,898)
Net assets	**797,345**	**644,720**	**591,885**	**550,093**	**404,536**
Capital and reserves					
Share capital	8,520	8,520	8,520	8,520	8,520
Share premium	42,430	42,430	42,430	42,430	42,430
Capital Contribution	2,877	2,877	2,877	2,877	2,877
Employee Benefit Reserve	-	(1,007)	(16)	(466)	(746)
Currency Translation Reserve	78,964	(22,366)	(3,837)	(4,753)	(1,444)
Revenue reserve	677,479	620,501	537,750	496,456	345,665
Non controlling interest	(12,925)	(6,235)	4,161	5,029	7,234
	797,345	**644,720**	**591,885**	**550,093**	**404,536**
Turnover, Profit or Loss account					
Turnover	615,103	491,725	391,639	386,177	298,454
Profit before taxation	180,929	188,294	184,689	190,761	135,648
Taxation	5,695	(6,971)	(25,188)	10,437	9,377
Profit after taxation	186,624	181,323	159,501	201,198	145,025
Per share data (Naira):					
Earnings - (Basic & diluted)	11.34	10.86	9.42	11.85	8.52
Net assets	46.79	37.83	34.73	32.28	23.74

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

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

FIVE YEAR FINANCIAL SUMMARY OTHER NATIONAL DISCLOSURE

Company **Balance sheet**	**2016** **₦'million**	**2015** **₦'million**	**2014** **₦'million**	**2013** **₦'million**	**2012** **₦'million**
Assets/(liabilities)					
Property, plant and equipment	569,017	577,017	526,722	452,047	377,864
Intangible assets	113	385	682	672	1
Investments	80,255	27,657	26,075	25,208	25,097
Receivables from subsidiaries	633,323	395,917	277,150	164,525	85,926
Prepayments for property, plant & equipment	-	-	1,773	23,950	21,062
Net current liabilities	(196,625)	(28,000)	(87,944)	(14,054)	(18,437)
Deferred taxation (liabilities)/assets	(15,603)	(13,085)	(6,726)	18,359	8,107
Long term debts	(86,182)	(181,384)	(95,435)	(95,079)	(83,050)
Long term payables	-	(24,442)	-	-	-
Staff gratuity	-	(3,992)	(2,070)	(1,963)	(1,744)
Other non-current liabilities	(2,931)	(1,594)	(1,685)	(2,102)	(2,685)
Net assets	**981,367**	**748,479**	**638,542**	**571,563**	**412,141**
Capital and reserves					
Share capital	8,520	8,520	8,520	8,520	8,520
Share premium	42,430	42,430	42,430	42,430	42,430
Capital contribution	2,828	2,828	2,828	2,828	2,828
Employee benefit reserve	-	(1,007)	(16)	(465)	(746)
Revenue reserve	927,589	695,708	584,780	518,250	359,109
	981,367	**748,479**	**638,542**	**571,563**	**412,141**
Turnover, profit or loss account					
Turnover	426,129	389,215	371,534	371,552	285,635
Profit before taxation	374,396	220,567	213,040	200,011	138,089
Taxation	(6,191)	(7,396)	(27,226)	10,252	7,927
Profit after taxation	368,205	213,171	185,814	210,263	146,016
Per share data (Naira):					
Earnings - (Basic & diluted)	21.61	12.51	10.90	12.34	8.57
Net assets	57.59	43.92	37.47	33.54	24.19

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

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

STATEMENT OF VALUE ADDED OTHER NATIONAL DISCLOSURE

	Group				Company			
	2016		2015		2016		2015	
	₦'million	%	₦'million	%	₦'million	%	₦'million	%
Revenue	615,103		491,725		426,129		389,215	
Finance Income	43,817		13,949		224,708		54,348	
Other income	10,542		3,951		4,766		2,148	
	669,462		509,625		655,603		445,711	
Bought-in-materials and services:								
- Imported	(86,226)		(50,669)		(63,724)		(38,656)	
- Local	(236,485)		(151,932)		(107,206)		(91,783)	
Value added	**346,751**	**100**	**307,024**	**100**	**484,673**	**100**	**315,272**	**100**
Applied as follows:								
To pay employees:								
Salaries, wages and other benefits	45,691	13	30,627	10	29,122	6	23,513	7
To pay Government:								
Current taxation	4,637	1	1,042	-	3,673	1	1,037	-
Deferred taxation	(10,332)	(3)	5,929	2	2,518	1	6,359	2
To pay providers of capital:								
Finance charges	45,381	13	33,477	11	34,042	7	27,479	9
To provide for maintenance of fixed assets:								
- Depreciation	74,202	22	54,228	18	46,813	9	43,416	14
- Amortization	548	-	398	-	300	-	297	-
Retained in the Group:								
- Non controlling interest	(6,678)	(2)	(3,671)	(1)	-	-	-	-
- Profit and loss account	193,302	56	184,994	60	368,205	76	213,171	68
	346,751	**100**	**307,024**	**100**	**484,673**	**100**	**315,272**	**100**

Value added represents the additional wealth which the Group and company have 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 that retained for future creation of more wealth.