DANGOTE CEMENT

Vision and Strength
2016 Annual Report

Before we began manufacturing, Nigeria was one of the world's biggest importers of cement.

In 2012, our newly opened factories enabled Nigeria to become self-sufficient.

In 2016, we transformed Nigeria into a net exporter of cement.

Vision and Strength

Our inspiration for the 2016 Dangote Cement Annual Report comes from the eagle - a large and graceful bird that soars across the skies of Africa with powerful wings and keen eyesight.

Indeed, the eagle is the symbol of Dangote Cement, representing the qualities of vision, strength, tenacity and fearlessness - characteristics we believe are exhibited by our company.

In the pages that follow, you will read about how we have performed so robustly in the face of the worst economic climate many of our markets have experienced in decades. Our strong performance in 2016 can be attributed to the vision we have long established for the company and the foresight of strategic decisions that were taken in the recent past. We have shown our resilience in the face of many different challenges across Africa and consolidated our position as the continent's leading cement producer.

CONTENTS

VISION, MISSION, VALUES

Our Vision

Our vision is to be Africa's leading cement company, respected for the quality of our products, for our service and for the way we conduct our business.

Our Mission

Our mission is to deliver strong returns to shareholders by selling high-quality products at affordable prices, backed by excellent customer service.

To help Nigeria and other African countries towards self-reliance and self-sufficiency in the production of the world's most basic commodity, by establishing efficient production facilities in strategic locations close to key markets.

To provide economic benefits to local communities by way of direct and indirect employment in all countries in which we operate.

To lead the way in areas such as governance and sustainability, setting a good example for other companies to follow.

Our Values

Service: As a world-class organisation, we understand that we exist to serve and satisfy our customers. Accordingly, our customer orientation reflects intimacy, integrity and learning.

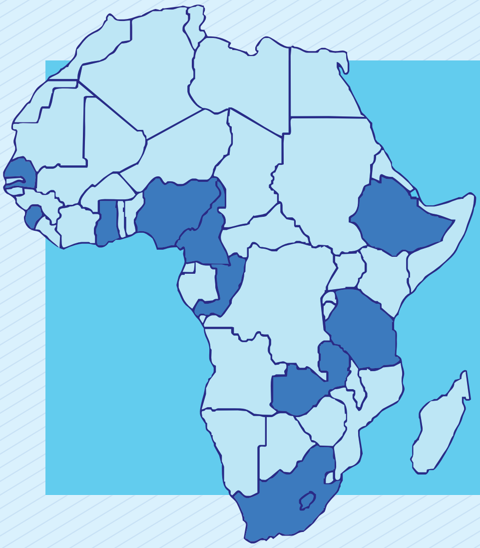
Leadership: We thrive on being leaders in our business, markets and communities. To drive this, we focus on continuous improvement, partnership and professionalism.

Entrepreneurship: We continuously seek and develop new business, employing state-of-the-art methods to retain our market leadership.

Excellence: We are a large organisation, working together to deliver the best products and services to our valuable customers and stakeholders. To achieve this, we demonstrate teamwork, respect and meritocracy.

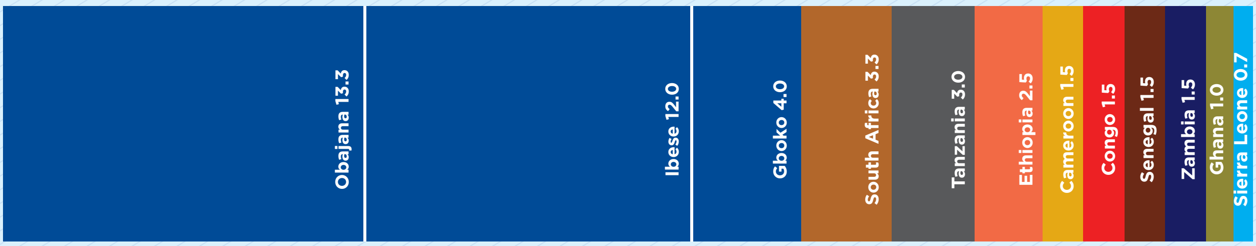
AT A GLANCE

Operations as at 27th February, 2017

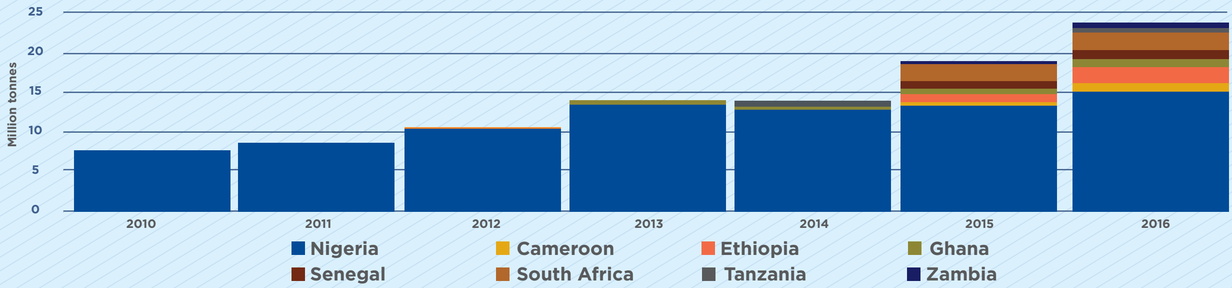


10 Countries
45.8 Mta Capacity
16,272 Employees

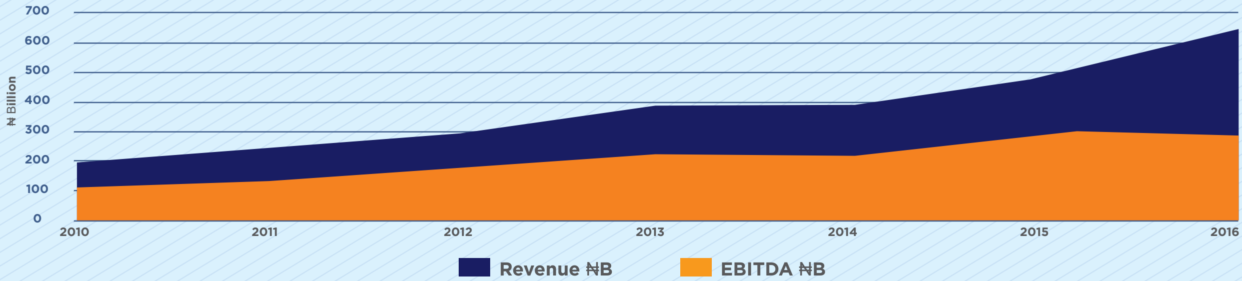
Capacity as at 27th February, 2017



Volume Growth

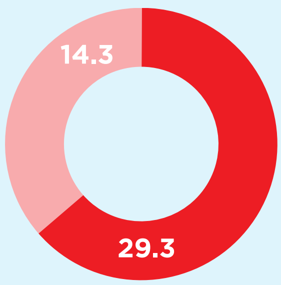


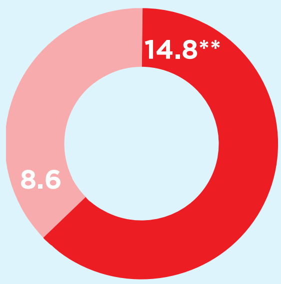
Financial Growth

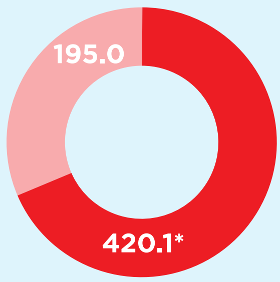


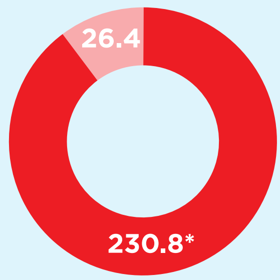
YEAR IN FIGURES

Capacity	Sales volumes	Revenues	EBITDA
43.6Mta	23.6mt	₦615.1B	₦257.2B
n/c	+25.0%	+25.1%	-2.0%









Nigeria   Pan-Africa

Earnings per share
₦10.86 → ₦11.34
4.5%

Dividend per share
₦8.0 → ₦8.5
6.25%

Capex
₦251.9B → ₦136.2B
-45.9 %

Net debt
₦204.2B → ₦240.8B
17.9%

KEY RATIOS

EBITDA margin	Net debt/EBITDA	Net gearing	ROCE
41.8% (53.4%)	0.94x (0.7x)	30.2% (31.7%)	18.0% (20.9%)

*After inter-company eliminations

** Excludes inter-company sales of 0.2mt & exports of 0.2mt

CHAIRMAN'S STATEMENT

Aliko Dangote GCON
Chairman

"We have transformed Nigeria into a net exporter of cement."

Dear Shareholders

It is my pleasure to deliver this Annual Report at the 8th Annual General Meeting of Dangote Cement.

Our 2016 Annual Report contains detailed information about the activities of the Company in what was a challenging year for business across Africa.

Yet I am pleased to report that we achieved growth in market share across Africa, opened a new plant in Tanzania, increased our revenues by 25.1% and began preparations to commission new production and import facilities in Congo and Sierra Leone, that will increase our capacity to just under 46 million tonnes per annum (Mta). I am particularly pleased to tell you that in Nigeria, exports of cement exceeded imports for the first time and that we at Dangote Cement have transformed Nigeria from one of the world's biggest importers of cement, into a net exporter.

Our success in 2016 has enabled the Board to recommend for your approval a dividend of ₦8.5 per 50 kobo share, which is 6.25% higher than last year and a dividend payout equal to 74.9% of net profits.

You may recall that in last year's Annual Report I highlighted not just our achievements in growth, but more importantly I conveyed to you my belief we had ended the year as a better company. We introduced many improvements to our governance; we successfully diversified our business beyond Nigeria and our new plants were already contributing cash flows to the group. In addition, we were mid-way through the conversion of our Nigerian plants to coal so we could diversify and secure the fuel supplies to our largest and most profitable plants.

All of these initiatives were the result of plans we had made in the years before, years in which we enjoyed healthy profits and a stronger and more stable Naira backed by robust economic growth in our main market of Nigeria. But rather than sit back and take our success for granted, we preferred to focus upon investing our funds and our energies into becoming a more resilient and better-managed company.

CHAIRMAN'S STATEMENT

A year later, as you read our 2016 Annual Report, I hope you will come to understand how prescient those decisions and those actions were.

Nigeria has fallen into recession for the first time many people can remember. Inflation stood at 18.6% in December; the Naira was allowed to float against the Dollar and quickly fell from just under $1/₦200 in June to $1/₦320 in late August. At the end of the year it stood at $1/₦304. Not only was our currency worth less in the money markets but the shortage of foreign currency in Nigeria made it difficult to convert our Naira into the Dollars we needed to pay for imports and capital expenditure.

Even more disruptive for our business, and Nigeria as a whole, was the resurgence in attacks on oil and gas pipelines in the south of Nigeria that have left homes and factories such as Ibese and Obajana short of fuel, crippled exports and slashed government revenues.

Nevertheless, the results of those strategic decisions, taken years ago, enabled us to strengthen our business and consolidate our position in a year when many others in Nigeria and across the rest of Africa have struggled against economic downturn.

Our Pan-African diversification has provided cash streams, from countries such as Senegal, Cameroon and Zambia have provided us with essential foreign currency as foreign exchange controls made it difficult for us to obtain Dollars for operations.

Furthermore, we were able to borrow money in these countries' local currencies, thus reducing our exposure to foreign currency shortages in Nigeria. In addition, we began to generate foreign currency sales from exports of cement from Nigeria to Ghana.

In 2017 we will begin to benefit from using coal mined in Kogi State by our parent company Dangote Industries. The benefits of this switch are numerous: the coal we buy will be cheaper than alternatives such as gas and imported coal; it will be priced and paid for in Naira, reducing our need for foreign exchange to fund our biggest variable cost; and it allows us to control our own fuel supply chain without dependence on gas pipeline security or importers of coal and LPFO.

Looking back at the 2016 financial year, I am pleased to report that our cement sales volumes increased by 25.0% to nearly 23.6Mt. Of this, almost 14.8Mt was sold in the Nigerian market.

Revenues increased by 25.1% to ₦615.1B, of which 68.3% was generated in Nigeria (excluding eliminations)and 31.7% from Pan-African operations. Our earnings before interest, depreciation and amortisation (EBITDA) decreased only slightly, to ₦257.2B, with Pan-African operations contributing ₦26.5B, excluding central costs. Earnings per share increased by 4.5% to ₦11.34.

We invested ₦136.2B across Africa, including ₦62.9B in Nigeria, and created nearly 2,000 jobs.

As I have already stated, the Board proposes a dividend of ₦8.5 per 50 kobo share, subject to your approval, to be paid on 26th May 2017 to shareholders whose names are on the Company's Register at the close of business on 12th May 2017. The Board believes the recommended dividend is consistent with our aim to deliver excellent returns to shareholders, taking into account the company's need to invest for growth.

Looking at our performance by region, in Nigeria, we increased sales volumes by 11.1% to nearly 14.8Mt in 2016. The year began with strong sales momentum following the price reduction we introduced in September 2015 and this clearly helped to stimulate the market, driving 11 months of strong growth in our home market, through to the end of August 2016.

Such strong growth in cement demand bucked the national trend, with Nigeria's economy falling into recession in the first half of the year. By contrast, in the same six months, our sales volumes rose by 38.8%, an unprecedented level of growth, driven by small-scale building projects such as home improvements.

The contraction of Nigeria's economy was driven by falling government revenues from oil and gas, due to lower international oil prices and increased gas pipeline vandalism in the Delta. Furthermore, the lack of exports created a shortage of foreign currency that made it difficult for everyone, including Dangote Cement, to source US Dollars to pay for essential imports to support our operations.

In June, the Federal Government decided to unpeg the Naira and create a foreign exchange market that to a large extent set the currency's value. Within weeks the Naira had fallen from ₦198 per Dollar, to more than ₦300 per Dollar. As a result, our costs increased substantially because nearly 60% of our cash costs, including gas, are exposed to fluctuations in the exchange rate against the US Dollar.

Costs also came under pressure from Nigeria's high inflation and from the fact that disruption to the nation's gas supplies forced us to use unprecedented quantities of expensive LPFO as a back-up fuel.

Against such cost pressures, we took action to protect our margins and in early September we increased our ex-factory prices, as we had previously indicated we would. Accounting for inflation, that increase returned pricing to just a little higher than where it was in August 2015, before the price cut that stimulated so much of our volume growth in late 2015 and much of 2016.

The combination of the price increase, fuel shortages, economic and seasonal factors in Nigeria led to a slowing of sales in the last four months of the year and, having sold almost 8.8Mt in the first half of 2016, we ended the year selling nearly 14.8Mt within Nigeria. However, because of the higher pricing and more favourable fuel mix, margins recovered very strongly in Nigeria in the final quarter, which bodes well for 2017.

Across the rest of Africa we increased cement volumes by 54.0%% to more than 8.6Mt, including a maiden contribution from Tanzania, which quickly made an impact in its market. This was a commendable result in the face of many challenges across the region, including economic downturns in South Africa and Zambia, as well as civil unrest in Ethiopia.

Against these challenges, we performed very well across the continent, with all our operations increasing sales and gaining market share to strengthen our position as the leading cement manufacturer in Sub-Saharan Africa.

As a result, Pan-African operations contributed ₦195.0B to Group revenues, or 31.4%, (excl. eliminations) up 88.5% on 2015. EBITDA was ₦26.5B, making up 9.9% of Group EBITDA (excluding central costs).

CHAIRMAN'S STATEMENT

In addition, in the second half of 2016 we began exporting cement from Nigeria to Ghana, reducing our need to import Far Eastern cement and generating useful foreign currency sales. By the end of the year we had exported 0.2Mt of cement to Ghana, out of total sales there of 1.1Mt. We sold large quantities of cement into other export markets and through our efforts, we believe Nigeria became a net exporter of cement.

As the year closed we were completing building work on our 0.7Mta import facility in Sierra Leone and a 1.5Mta integrated plant in Mfila, Congo. I look forward to their contribution to the business in 2017. Given the currency restrictions we now face in Nigeria, our Pan-African operations will provide useful sources of foreign currency to fund our expansion across Africa, albeit at a more measured pace than we outlined in last year's Annual Report.

I hope you will appreciate our robust response to challenges we have faced from the devaluation and associated currency restrictions. I am confident these actions will support our progress to be a global force in cement production and the strongest producer in Africa. Compared to other African cement producers, we have a strong balance sheet to support significant strategic and operational advantages in the African cement market, which I still consider to have the highest growth potential of any in the coming years.

Indeed, in its latest report on Africa, *Lions on the move II: Realizing the potential of Africa's economies,* the McKinsey Global Institute believes that despite recent challenges, growth will accelerate across Africa. Driving growth will be four factors: rapid urbanisation, a growing workforce, technological advances and abundant natural resources, including fertile land.

Urbanisation needs housing and infrastructure, workers need factories, offices and shops, and natural resources need to be extracted and transported to markets. Supporting all of these activities will require millions of tonnes of cement in the coming decades.

Turning now to governance, we continued to make good progress improving the quality of our business.

I am delighted to welcome Dorothy Ufot as our first female Director, following the recognition by our Board that we needed to improve our efforts on gender diversity. Dorothy is one of Nigeria's leading commercial lawyers and adds formidable legal expertise to our Board. I have no doubt she will make a substantial contribution to our business in the coming years.

In the area of Sustainability, we are working hard to prepare Dangote Cement to comply with new requirements for Nigerian companies to report on the impact they are having on the environment and on local people. In this Annual Report, we outline the steps we are taking to ensure that regard for Sustainability is part of our way of doing business. I know this is becoming increasingly important to investors and am happy that Dangote Cement is taking the issue seriously.

In summary, 2016 was a year in which we were tested by economic and other forces well beyond our control, not just in Nigeria but across Africa as well. But I am pleased to say that thanks to the hard work and dedication of our staff, and the long-term strategies we have been pursuing, Dangote Cement has proved itself to be robust.

As others have struggled in these times, I believe we have demonstrated the resilience and determination to achieve our very high ambitions. Looking ahead to the coming years, we remain focused upon improving and expanding our business to create even more shareholder value. In doing so we will help to build a strong and successful Africa.

I thank you, our shareholders, for your support and I hope you will continue to share in our success.

Aliko Dangote
Chairman

About Us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GROUP OVERVIEW

Dangote Cement is Africa's leading cement producer with 44 million tonnes per annum (Mta) of production or import capacity operational at the end of 2016 in Nigeria, Cameroon, Ethiopia, Ghana, Senegal, South Africa, Tanzania and Zambia. In the first quarter of 2017, new facilities totalling 2.2Mta will begin operations in Congo and Sierra Leone.

Headquartered in Lagos, the Group is managed by an executive team led by the Group Chief Executive Officer (GCEO), who reports to the Chairman and the Board of Directors. Dangote Cement has two operating regions: Nigeria and Pan-Africa. Each has its own Chief Executive and Chief Financial Officer reporting to the Group Chief Executive Officer and Group Chief Financial Officer respectively.

The Company that became Dangote Cement was founded at a time when Nigeria was almost entirely dependent on imports. Indeed, importation of cement was our main business for many years until the Federal Government launched its industrial policy of Backward Integration in 2002.

This initiative was designed to reduce Nigeria's dependence on imports by encouraging the industry to build enough capacity to serve Nigeria's needs, not just in that decade but long into the future.

Probably Africa's most attractive market for cement, Nigeria has substantial limestone and energy resources, a large and increasingly prosperous population and a massive need for infrastructure and housing..

We have invested billions of dollars building new capacity that has made Nigeria not just self-sufficient in cement but also an exporter. In the process we have created thousands of jobs across the country in factories, logistics, sales and support services. At 13.25Mta, our Obajana Cement Plant in Kogi State, Nigeria, is the largest in Africa and one of the largest and most profitable cement factories in the world. Employing thousands of people directly and indirectly, it was opened in 2008 as a 5Mta plant and has twice been extended in size.

Although Obajana was initially designed to be fuelled by gas, with low-pour fuel oil (LPFO) as a back-up, we recently installed coal facilities to fire its four kilns as well. This has helped to reduce our dependence on gas following the serious shortages we experienced in 2016 because of disruption to gas pipelines in the south of Nigeria. It has also eliminated our need to use LPFO as a back-up fuel, which costs 2.5x as much as gas per tonne of finished cement.

Our Ibese plant in Ogun State has four cement lines with a total capacity of 12Mta. Its first two lines opened in February 2012 and the second pair came onstream in February 2015. Like Obajana, Ibese was originally designed to use gas and LPFO but we have now abandoned LPFO at Ibese in favour of coal, which can be used to run all four kilns if needed.

GROUP OVERVIEW

Our Gboko Cement Plant in Benue State has 4Mta of capacity. Acquired originally during a privatisation exercise in Nigeria, we refurbished and upgraded the plant to its present capacity. Originally designed to use just LPFO, because no gas pipelines ran anywhere near the plant, Gboko has recently been equipped with coal milling facilities so that its kilns can run more cost-effectively on the cheaper fuel. Gboko was mothballed throughout most of 2016 as we shifted production to alternate lines at Obajana and Ibese, which enjoy Pioneer tax status.

Over the past few years, the profitability and strong cash generation of our operations in Nigeria have helped us to expand our business across Sub-Saharan Africa with a mixture of integrated, grinding and import facilities to meet the demands of local markets.

We began 2016 with approximately 44Mta of production and import capacity across Africa. Our 3.0Mta plant in Tanzania made its maiden contribution to Group sales in the first quarter of the year and very quickly established itself as a leading supplier, achieving a 23% market share by June 2016.

The rapid success of plants that we have opened beyond Nigeria is testament to our strategy of competing on costs, service and selling higher-quality cement at competitive prices for local needs.

This success has given us the confidence to continue expanding. By 2023, we plan to augment our existing operations in Nigeria, Cameroon, Ethiopia, Senegal and Zambia and establish new facilities in Kenya, Liberia, Mali, Niger and Zimbabwe. In September 2015, we announced plans to venture beyond Africa for the first time and build a plant in Nepal to serve local and export markets.

With this expansion, Dangote Cement will truly be a global force in cement production, operating in some of the most exciting growth markets in the world where demand is set to rise substantially in the coming years.

We will take advantage of being able to operate within trading blocks that enable us to export our cement from one country and import it into our own facilities elsewhere. Such an export-to-import strategy makes great sense in West Africa, where many countries lack the limestone necessary to make cement.

Although the pace of our expansion is unprecedented in the history of the cement industry, we are investing for growth at a time when many of the world's largest cement companies are focusing more upon debt reduction than capacity expansion.

However, as a result of our financial strength, we have an opportunity to enter these markets and gain share very quickly. This is our strategic advantage.

Our operational advantage in Sub-Saharan Africa is our ability to enter new markets and build modern, energy-efficient factories that will provide strong competition for many of the ageing cement plants that serve the region at present.

We will take high-quality limestone from newly mined quarries and produce higher-quality, stronger and quicker-setting cement at lower cost than many other producers can achieve in these markets. We will support these facilities with strong logistics and the ability to buy resources in bulk across the Group, thereby reducing costs.

These strategic and operational advantages will fortify our position as the leading provider of cement in a rapidly growing continent that is embarking on a huge build-out of its infrastructure, housing and commercial space.

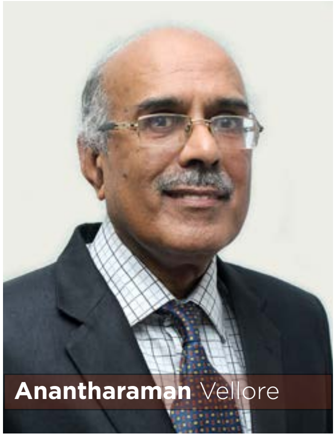
The experience of other emerging markets shows that this will take more than one generation of Africans to complete, but we believe it is a great opportunity for us to become a global force in cement production.

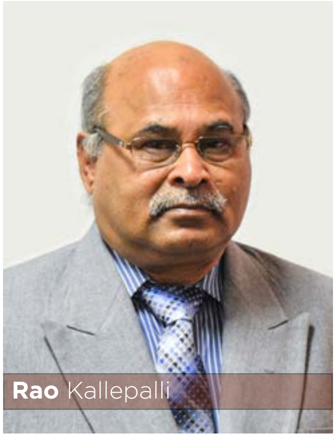
We are confident that the strategy we are pursuing will ensure that Dangote Cement becomes and remains the partner of choice for those who are building a new African continent.

EXECUTIVE MANAGEMENT

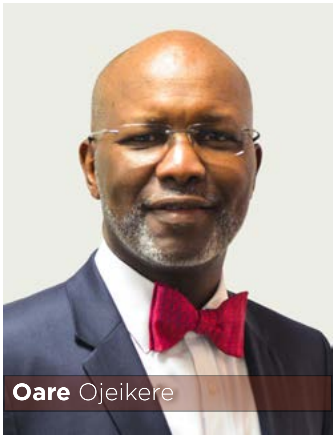

Onne van der Weijde


Brian Egan


Anantharaman Vellore


Rao Kallepalli

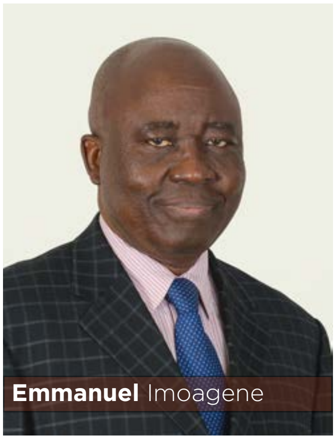

Kashinath Bhairappa


Oare Ojeikere


Mahmud Kazaure


Juan Carlos Rincon


Knut Ulvmoen MFR


Emmanuel Imoagene


Oliver Obu

EXECUTIVE MANAGEMENT

Onne van der Weijde

Group Chief Executive Officer

Onne is a seasoned cement industry professional and joined Dangote Cement as Chief Executive Officer in February 2015.

He brings with him a wealth of experience in the management of international businesses, having held many senior level positions during his 23 years in the cement industry, during which time he worked at notable organisations including Holcim (Indonesia and India) and ACC Limited in India.

Prior to his appointment at Dangote Cement, he was the CEO of Ambuja Cements Limited in India, a 62Mta division of LafargeHolcim (previously Holcim).

A Dutch Citizen, he holds a Bachelor's Degree in Economics and Accounting from the Hague University of Applied Sciences in the Netherlands and an MBA from the University of Bradford in the United Kingdom.

Brian Egan

Group Chief Financial Officer

Brian joined Dangote Cement as Group Chief Financial Officer in April 2014, having previously been an Executive Director and CFO of Petropavlovsk Plc and of Aricom Plc, both of which were listed on the Main Board of the London Stock Exchange.

Prior to joining Aricom, he was Chief Financial Officer of Gloria-Jeans Corporation, the leading Russian apparel manufacturer and retailer.

He has more than 20 years' international experience in senior financial roles with Associated British Foods plc, Georgia-Pacific Ireland Limited and Coca-Cola HBC.

He trained as an accountant with KPMG and is a member of The Institute of Chartered Accountants in Ireland.

Anantharaman Vellore

Acting Regional CEO, Nigeria

Anantharaman joined Dangote Cement as Managing Director of Benue Cement in 2008.

He previously had a long career in the Indian cement industry, spending 31 years with ACC Limited, one of the country's leading producers, where he held various roles overseeing plant operations in India and abroad.

He led the ACC team that provided consulting services to Dangote Industries during the planning stages of Benue and Obajana Cement Plants.

In 2010, he became Director of Technical Services for cement plant operations in Nigeria. He became Group Technical Director in 2015 and is now Acting Regional CEO for Nigeria. He holds a Masters in Industrial Engineering & Operations Research from IIT,Kharagpur, as well as a Post-Graduate Diplomas in Management and a PGdip. in Energy, Environment and Sustainable Development from United Nations University in Tokyo.

Rao Kallepalli

Acting Regional CEO, Pan-Africa

Rao joined Dangote Cement in 2006 to manage some of the Group's expansion projects. His experience in project management spans 30 years holding senior positions in management consultancy and industrial engineering.

He is now Acting Regional CEO for Pan-Africa.

He holds a B.Tech in Electrical Engineering and an M.Tech in Industrial Engineering and Operations Research.

EXECUTIVE MANAGEMENT

Kashinath Bhairappa

Director of Projects

Kashinath joined Dangote Cement in February 2001 as a General Manager and was subsequently elevated to Deputy Director of Projects, responsible for looking after Cement's Projects. He is also Acting Regional CEO with responsibility for operations in Ghana, Tanzania, Zambia and Cote d'Ivoire.

He previously worked with different cement manufacturers in India, including BK Birla Group (Cement), Ambuja Cements and Grasim Industries Limited at different levels in project management and execution. He has a degree in Mechanical Engineering.

Oare Ojeikere

Group Chief Sales & Marketing Officer

Oare joined Dangote Cement in February 2014, with significant cross-industry marketing experience, after having previously worked as Marketing Director, Coca-Cola Nigeria and of Airtel Ghana.

He also held the position of Group Brand Director Africa, for the Zain Group in the Netherlands and Kenya, as well as management roles in Coca-Cola, Accenture and Xerox. He brings vast experience of fast-moving consumer goods and has driven Dangote Cement's new marketing initiatives since 2015, with a strong focus on the development of retail sales outlets

Mahmud Kazaure

Group Chief Legal Counsel & Company Secretary

Mahmud joined Dangote Cement in 2011 and has broad legal experience including commercial law, international business and civil litigation as well as contractual and legislative drafting.

He is licensed to practice law in Nigeria, in the States of Maryland and New York in the United States of America, and also before the Supreme Court of the United States. He has a Master of Law from Howard University School of Law, Washington DC.

Juan-Carlos Rincon

Head of Transport

Juan-Carlos joined Dangote Cement in 2012 and has 24 years' experience in the cement industry, having worked in multinational cement groups such as Diamante, Cemex, Asamer, and the Austrian engineering consultancy firm AUSTROPLAN.

He brings to the Group a high degree of managerial knowledge and international experience gained from working in the global cement industry at sites in different countries. He has held senior management positions in different parts of the world, including time as CEO of the Libyan Cement Company, as President of Dalmatia Cement in Croatia, and as Regional Human Resources Director for Cemex in South-East Asia.

EXECUTIVE MANAGEMENT

Knut Ulvmoen, MFR

Supply Chain Director

Knut joined Dangote Industries in 1996 as Finance Director. He previouly had extensive finance experience in companies including Revisor-Centret, Norcem, Bulkcem and Scancem.

As Group Managing Director of Dangote Group, from 2002 to 2007, he was instrumental in Dangote Cement's transition from importing cement to becoming Nigeria's leading manufacturer.

As part of this expansion, he was a key figure in the acquistion of Benue Cement Company and in the development of plans to build the Obajana Cement factory in Kogi State. In addition to his work in cement, he was also involved in the development of Dangote Industries' flour and sugar operations.

Emmanuel Imoagene

Group Chief HR Officer

Emmanuel joined Dangote Cement in June 2016 as Group Human Assets Management and Administration Director. He has diverse private-sector experience spanning three decades and was previously Human Resources Director (West Africa) of Cadbury Nigeria, where he was part of the team credited with returning the company to profitable growth.

He has significant experience in many other aspects of business including supply chain management, corporate governance and general management practice. He has worked for other blue-chip companies including Shell, Unilever Ghana and Nigerian Breweries.

Oliver Obu

Group Financial Controller Designate

Oliver joined Dangote Industries as a management trainee in January 2012, specialising in finance. After substantial in-house training he was subsequently assigned to Dangote Cement in January 2015 as the Head of Internal Reporting & Planning.

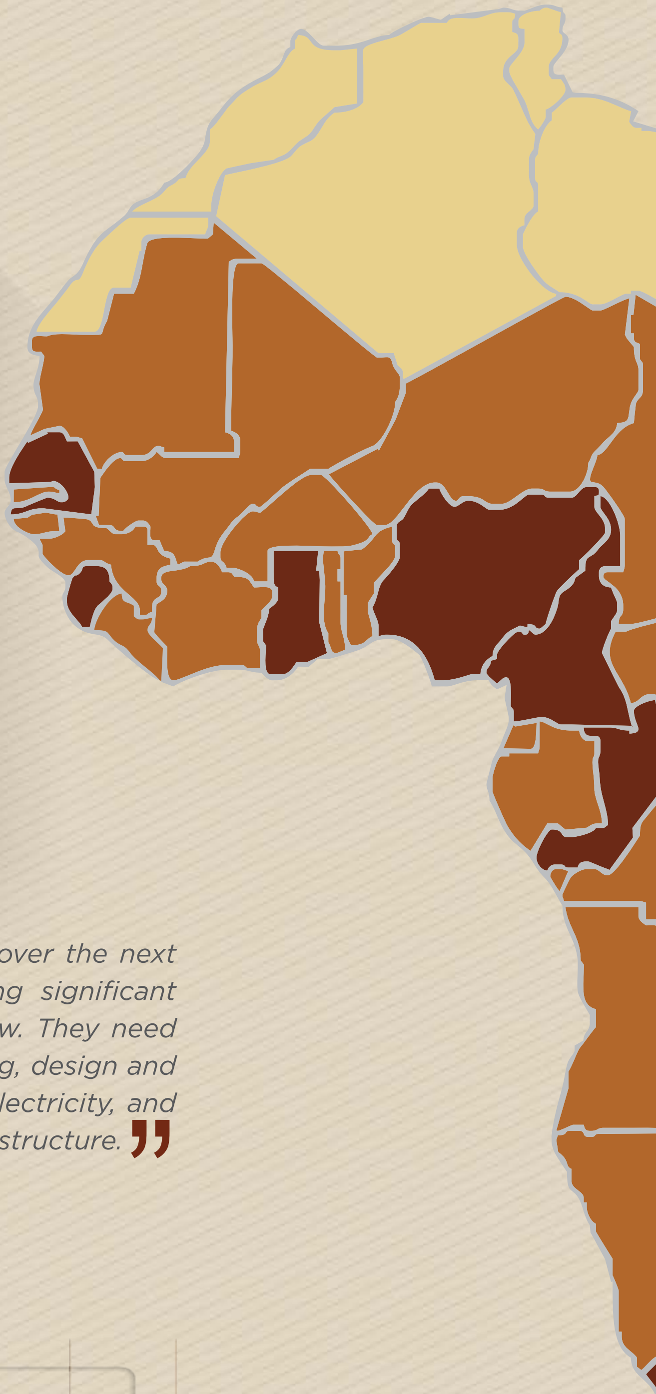
He is a key member of the Company's Finance team, shaping its internal reporting & planning framework and working on the development of financial models for numerous projects embarked upon by the Group. In addition, he plays a key role in corporate finance activities in Dangote Cement.

Oliver holds a Bachelor's Degree in Economics and Statistics from the University of Benin and an MBA from the Lagos Business School in Nigeria.

OUR OPERATING ENVIRONMENT

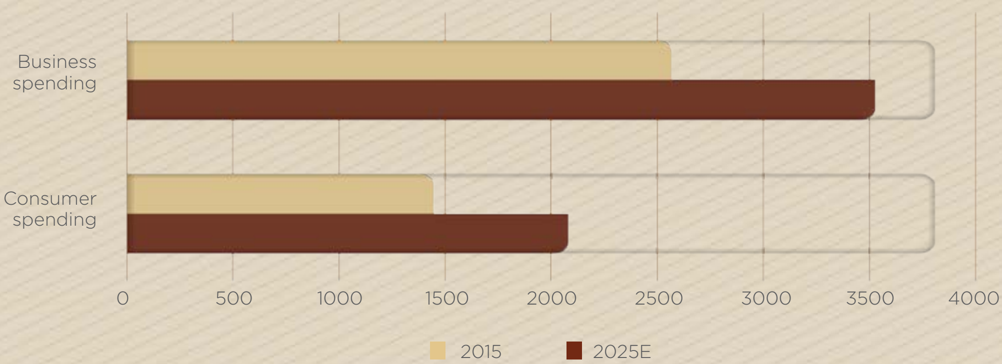
SUB-SAHARAN AFRICA

Population	**1,000** Million
GDP	**$1,573** Billion
Cement capacity	**139** Mta
Per-capita consumption	**84** Kg
Total consumption	**84Mt**



"Africa's cities will be home to 190 million more people over the next decade. This rapid urbanization has the potential to bring significant economic benefits, provided governments prepare for it now. They need to improve planning processes, build more affordable housing, design and invest in efficient mass transit systems, increase access to electricity, and install more information and communication technology infrastructure."

Consumer and business spending ($B)



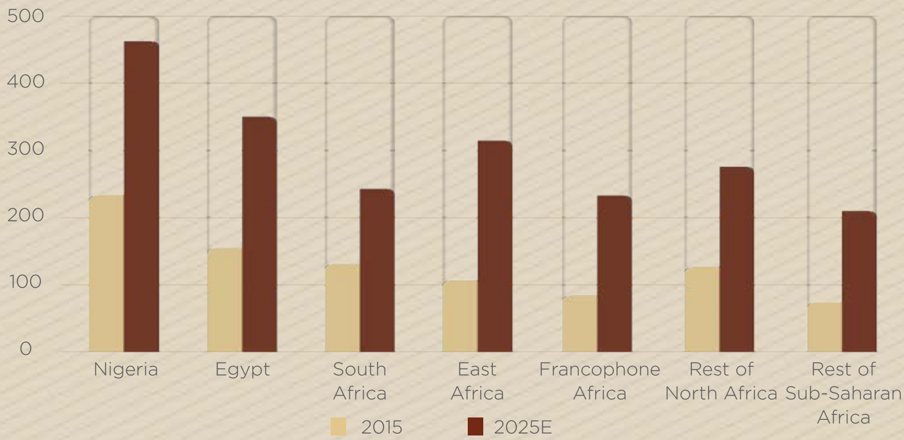
Sources: Lions on the Move II, McKinsey Global Institute, Global Cement Report

DANGOTE OPERATING COUNTRIES

Population	**489** Million
GDP	**$1,155** Billion
Cement capacity	**96** Mta
Per-capita consumption	**112** Kg
Total consumption	**55Mt**

> *"Africa has the advantage of a young and growing population and will soon have the fastest urbanization rate in the world. By 2034, the region is expected to have a larger workforce than either China or India and, so far, job creation is outpacing growth in the labor force. Accelerating technological change is unlocking new opportunities for consumers and businesses, and Africa still has abundant resources."*

Household consumption ($B)



Sources: Lions on the Move II, McKinsey Global Institute, Global Cement Report

OUR CAPACITY

SENEGAL 1.5Mta

POPULATION **15M**

URBANISATION **43%**

PER-CAPITA GNI **$5,000**

PER-CAPITA CEMENT CONSUMPTION **102kg**

LOCATION **Pout**

PLANT TYPE **Integrated**

OPERATIONAL **SINCE 2014**

SIERRA LEONE 0.7Mta

POPULATION **6M**

URBANISATION **40%**

PER-CAPITA GNI **$1,750**

PER-CAPITA CEMENT CONSUMPTION **121kg**

LOCATION **Freetown**

PLANT TYPE **Import & bagging**

OPERATIONAL **Q1 2017**

GHANA 1.0Mta

POPULATION **28M**

URBANISATION **53%**

PER-CAPITA GNI **$3,880**

PER-CAPITA CEMENT CONSUMPTION **211kg**

LOCATION **Tema**

PLANT TYPE **Import & bagging**

OPERATIONAL **SINCE 2011**

NIGERIA 29.25Mta

POPULATION **188M**

URBANISATION **47%**

PER-CAPITA GNI **$5,600**

PER-CAPITA CEMENT CONSUMPTION **121kg**

LOCATION **Obajana, Ibese, Gboko**

PLANT TYPE **Integrated**

OPERATIONAL **SINCE 2007**

CAMEROON 1.5Mta

POPULATION **24M**

URBANISATION **54%**

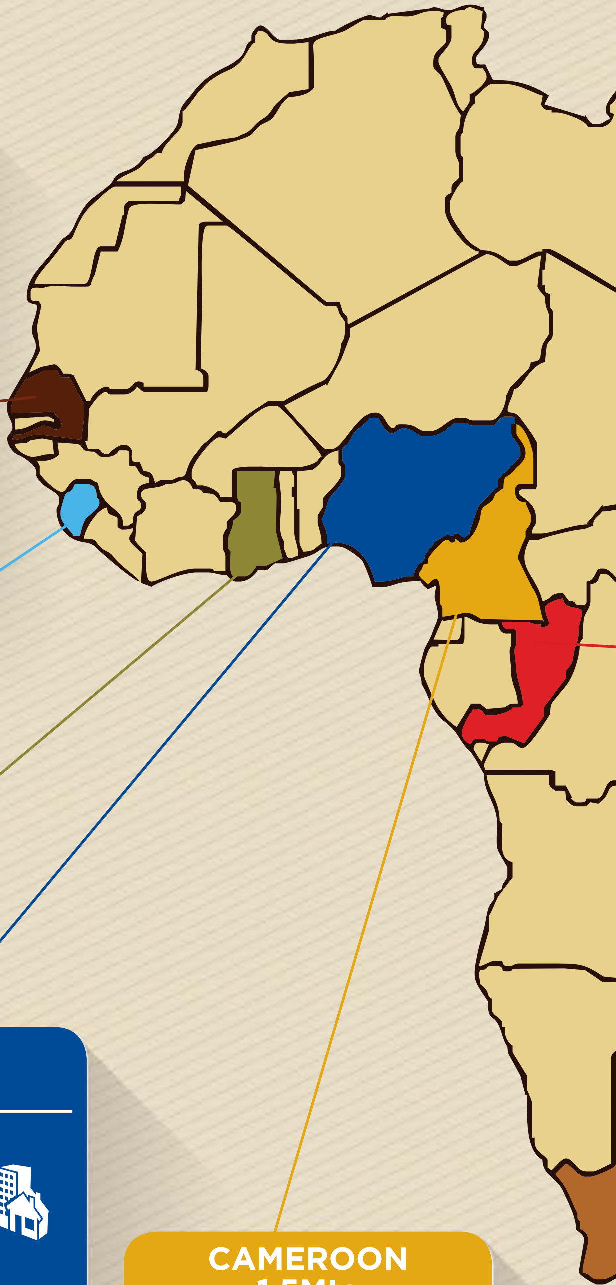
PER-CAPITA GNI **$2,660**

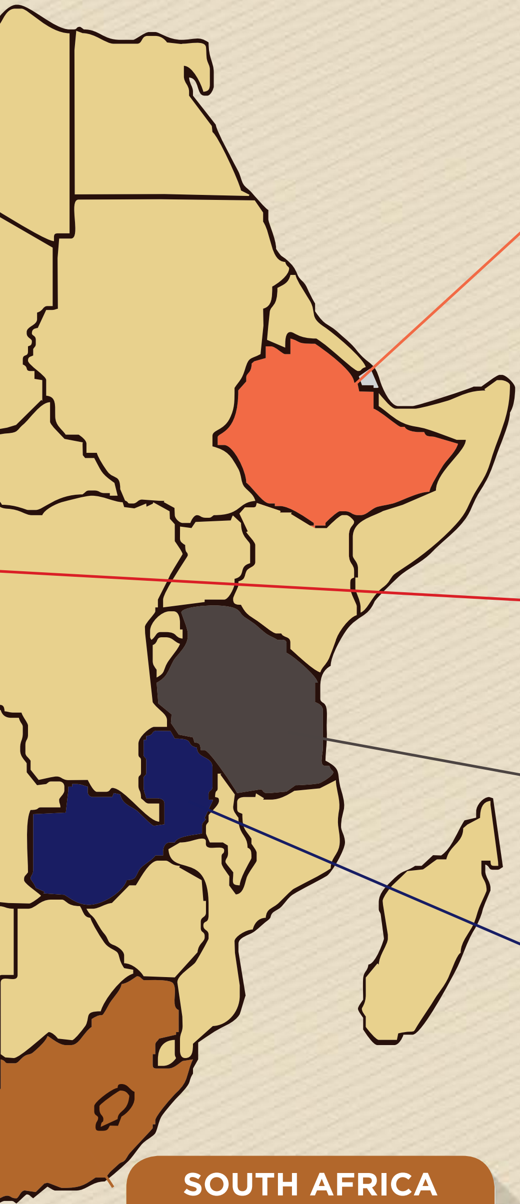
PER-CAPITA CEMENT CONSUMPTION **83kg**

LOCATION **Douala**

PLANT TYPE **Grinding**

OPERATIONAL **SINCE 2015**





ETHIOPIA
2.5Mta

POPULATION
101M

URBANISATION
19%

PER-CAPITA GNI
$1,350

PER-CAPITA CEMENT CONSUMPTION
61kg

LOCATION
Mugher

PLANT TYPE
Integrated

OPERATIONAL
SINCE 2015

CONGO
1.5Mta

POPULATION
5M

URBANISATION
64%

PER-CAPITA GNI
$4,700

PER-CAPITA CEMENT CONSUMPTION
282kg

LOCATION
Mfila

PLANT TYPE
Integrated

OPERATIONAL
Q1 2017

TANZANIA
3.0Mta

POPULATION
52M

URBANISATION
31%

PER-CAPITA GNI
$1,750

PER-CAPITA CEMENT CONSUMPTION
65kg

LOCATION
Mtwara

PLANT TYPE
Integrated

OPERATIONAL
SINCE 2016

ZAMBIA
1.5Mta

POPULATION
16M

URBANISATION
42%

PER-CAPITA GNI
$3,070

PER-CAPITA CEMENT CONSUMPTION
95kg

LOCATION
Ndola

PLANT TYPE
Integrated

OPERATIONAL
SINCE 2015

SOUTH AFRICA
3.3Mta

POPULATION
54M

URBANISATION
64%

PER-CAPITA GNI
$12,240

PER-CAPITA CEMENT CONSUMPTION
230kg

LOCATION
Aganang, Delmas

PLANT TYPE
Integrated

OPERATIONAL
SINCE 2014

Sources: Global Cement Report 2015, World Bank, UN Population Division.

OUR STRATEGY

Dangote Cement is well on the way to becoming one of the world's leading cement companies and certainly the largest in Sub-Saharan Africa, which we believe will be the next big growth market for cement.

Sub-Saharan Africa is home to a billion people and has a population growth rate of nearly 3% per year. By 2050, the UN estimates, the region will have a population of more than two billion. Furthermore, Sub-Saharan Africa is experiencing greater stability, less conflict and economic growth above global averages.

The World Bank estimates that Sub-Saharan Africa experienced GDP growth of 3.0% in 2015, slower than the 4.5% recorded the previous year. It forecast subdued growth of 2.5% for 2016, picking up to 3.9% in 2017 and 4.4% in 2018. It attributes this slowdown, compared with higher growth in previous years, to lower oil prices and the ending of the commodity supercycle.

Despite the recent slowing of its economies, Sub-Saharan Africa will need considerable investment in infrastructure and housing as urbanisation increases and economies diversify from dependence on agriculture, minerals and oil towards manufacturing, retailing and services. Increasing personal wealth and the ongoing shift towards younger, more affluent and more mobile populations will also increase demand for property as household occupancy falls.

The combination of these drivers will see Sub-Saharan Africa's demand for cement increase significantly in the coming years, from about 84Mt at present.

Although the market had around 136Mta capacity in 2016, we believe this capacity, much of which is ageing and inefficient, could soon be overwhelmed by demand as population growth, increasing urbanisation and rising GDP continue to drive consumption upwards.

Our strategy to expand rapidly and serve this growing market began in 2007 when we took the first steps into manufacturing cement in our home country of Nigeria, which is perhaps Africa's most attractive market for cement.

Benefiting from competitive pricing, tight cost controls and investment incentives in the form of tax holidays, our strong cash generation in Nigeria funded our expansion both inside our home country and beyond its borders into key African markets where we are building new capacity that will serve the needs of Africans for the coming decades.

Our entire production base now consists of almost 46Mta of production and import capacity in a total of ten countries spanning Africa, from Senegal to Ethiopia and down to South Africa. The success of our expansion is seen in the rapid gains in market share we achieved across Africa soon after our plants were opened, despite the presence of strong incumbents.

When we search for new opportunities we look for several key features in the market: the availability of good limestone from which to make cement; the availability of investment incentives, usually in the form of tax holidays; a large population with a growing economy; access to good transport infrastructure; access to low-cost fuel; a cement deficit; strong commitments to investment in infrastructure and housing; and an industry that is characterised by substantial imports, as well as older, less-efficient, more costly and sub-scale plants.

Our strategy in every country is to be the leader on costs, quality and service. We build large, modern, highly efficient plants that combine the latest equipment from Europe, China and beyond to enable us to make higher-quality cement at lower costs, thereby giving us strong competitive advantages.

OUR STRATEGY

In this way we can sell higher-grade cement at a price that will compete with lower-grade products already in the market. Furthermore, our plants are designed to make the higher-strength cements (such as 42.5 and 52.5 grades) that will increasingly be required as the size and height of buildings increase in Africa's growing and urbanising economies. This is an inevitable shift in the market from which we will benefit.

The advantages accrued by our factories will be augmented by the advantages that we can achieve in logistics and procurement, where our size and financial strength enable us to invest in strong distribution capabilities at costs unattainable by smaller and less financially strong competitors. A good example of this is the outline agreement we have with the Industrial and Commercial Bank of China to fund our expansion at very attractive terms, albeit at a more modest pace than we outlined in our 2015 Annual Report, because of continuing difficulties in obtaining foreign currency.

Our business is organised into two strategic regions: Nigeria and the Rest of Africa. Each region pursues its business plan in line with the overall corporate strategy set out by the Group's Board and Executive Management, but mindful of the prevailing conditions in each market.

Nigeria is Sub-Saharan Africa's largest market for cement, consuming more than 22.7Mt in 2016. From the 29.25Mta capacity of our three factories, all located south of the country's two main rivers, we can reach every local market in Nigeria with our extensive and market-leading fleet of distribution trucks. In 2016, we sold almost 14.8Mt of cement, representing 65% share of the Nigerian market.

Nigeria has substantial limestone deposits and is surrounded by countries that do not have sufficient limestone to make their own cement. Because of this deficiency they must import bulk cement or clinker. In fact, many of the 15 countries in the Economic Community of West African States (ECOWAS), especially those on the coast, are obligatory importers of cement, reliant mainly on imports from outside ECOWAS.

By trading within the ECOWAS region we are able to offer a product that is free of import duties, compared to the non-ECOWAS products the region currently imports.

Because we ourselves import bulk cement into Ghana and clinker into Cameroon, our goal is to substitute these imports for products we make in Nigeria. By manufacturing additional cement in Nigeria, we will increase the capacity utilisation of our plants, thereby increasing their efficiency and profitability, which is an obvious benefit to our Nigerian business.

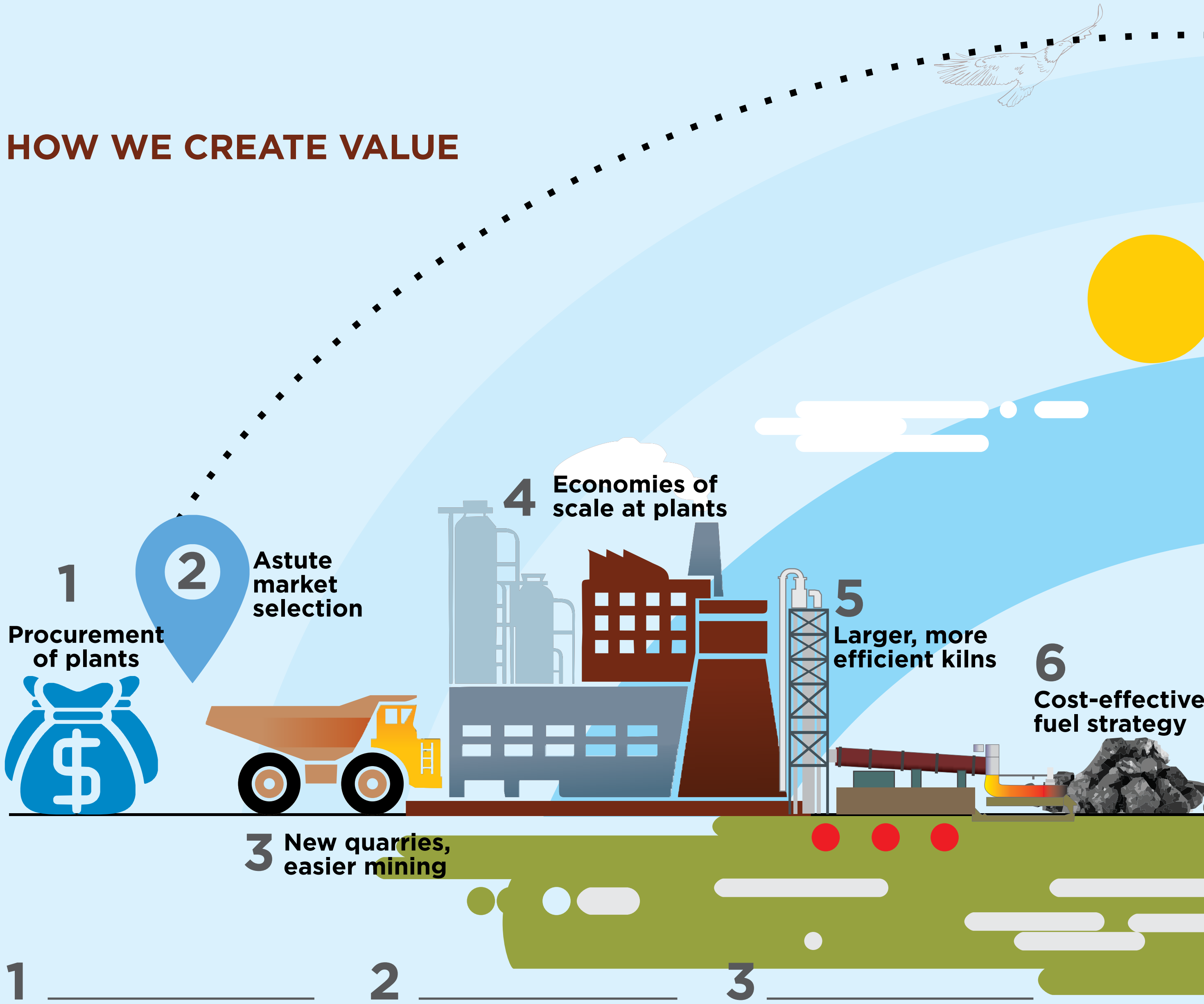
Our operations in West Africa and Central Africa are located in Senegal, Sierra Leone, Ghana, Cameroon and the Republic of Congo. In the coming years we plan to extend our reach with a new plant in Niger and grinding plants in Mali, Ghana, Côte d'Ivoire and Liberia. We will, in time, increase the size of our plants in Senegal and Ethiopia and look to double the scale of our operations in Cameroon.

In the east and south of Africa we have existing or planned operations in Ethiopia, South Africa, Zambia, Tanzania, Kenya and Zimbabwe. All these countries have ample native limestone, so all our facilities there will be integrated factories, with the exception of the Delmas cement milling plant in South Africa.

Countries on Africa's east coast are to some degree exposed to cheap imports from Pakistan and the Far East. As a result, our strategy is in most cases to site our factories well inland, where pricing is higher and where imported cement would face additional shipping costs to reach the market.

We have achieved successful market entries in Ethiopia, South Africa, Tanzania and Zambia because of our strategy to be the leader on costs, quality and service. The markets we have entered have been characterised by competitors with older factories that may be smaller-scale or less efficient than our own. As a result, we believe we will surely benefit from the numerous competitive advantages we have achieved in Sub-Saharan Africa's rapidly growing markets for high-quality cement.

HOW WE CREATE VALUE



1

Favourable procurement of plants
Our size and the scale of our ambition enables us to negotiate the procurement and construction of not just one factory but several from the same builder, using best-of-breed technologies from Europe and China. Furthermore, our plants are created with a high degree of standardisation and prefabrication to help reduce our construction costs. We are negotiating attractive financing packages that not only reduce our need to source US dollars, but also enable us to repay much of the cost after the plant has opened and begun to generate profits.

2

Astute market selection
We choose to build factories in countries with large populations and healthy economies that have plenty of potential for construction and housing to drive per-capita demand for cement from low levels. We look for substantial limestone reserves linked by good roads to nearby growth and export markets. Many such markets are served by older, less efficient factories with higher costs of production than our modern, high-tech factories. Sub-Saharan governments are keen to attract investment and reduce imports, so we are able to benefit from tax incentives.

3

New quarries enable easier mining
When we open a new factory we also open a new quarry from which to mine limestone and other raw materials such as laterite and shale. This means that we can optimise mineral extraction to get the best material more easily and at relatively low cost, when compared with other manufacturers who might be mining a quarry that is perhaps 20-30+ years old. Furthermore, we equip our mines with advanced analytical systems to ensure the optimal quality of material passing to the factory for processing into clinker and then cement.

4

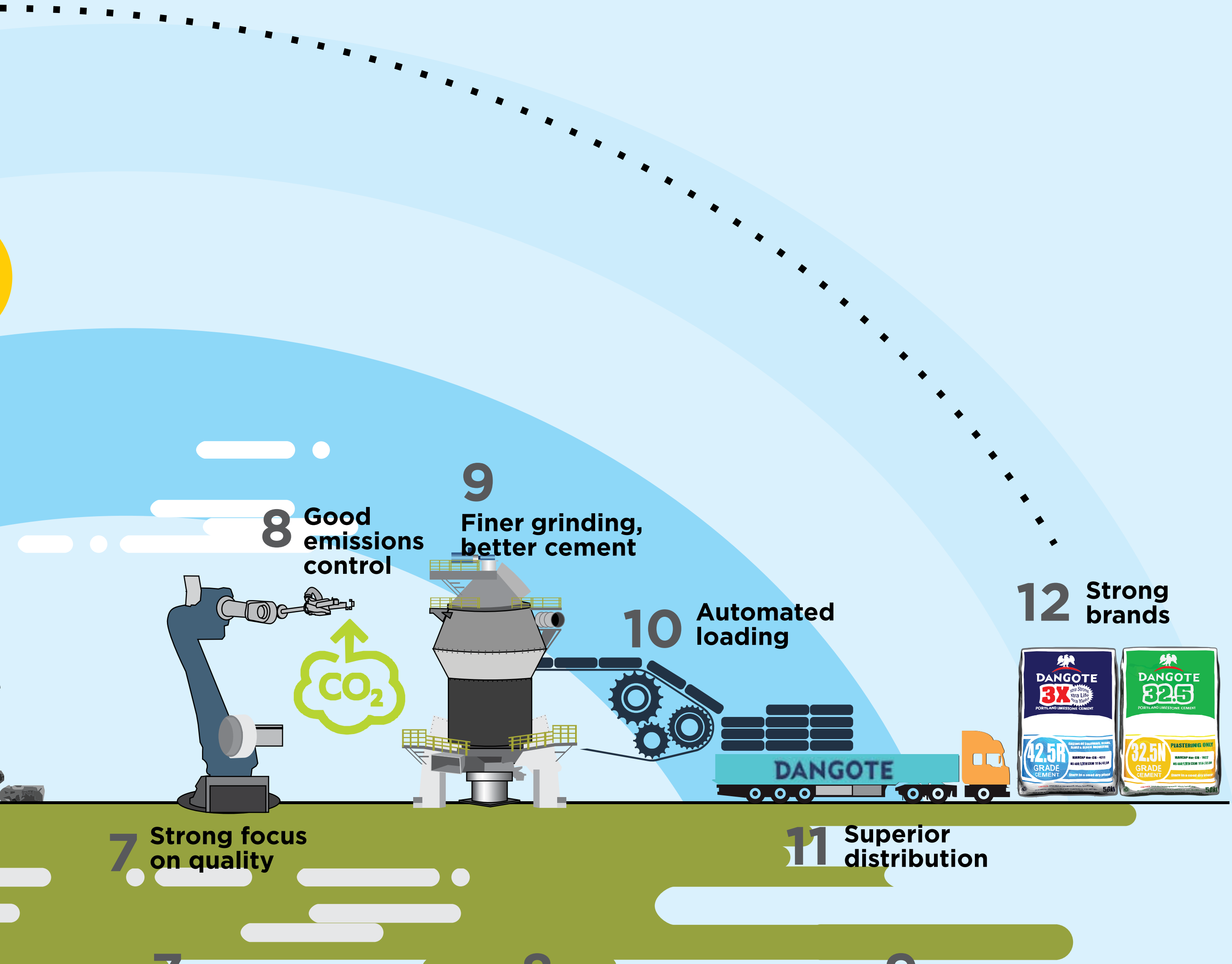
Economies of scale at larger plants
Our production lines are built in two standard sizes of 1.5Mta and 3.0Mta, significantly bigger than the global average size of about 1.0Mta. Therefore, we gain significant economies of scale, particularly when we put several lines together at mega-factories such as Ibese, in Nigeria, which has two pairs of 3.0Mta capacity lines in a relatively compact site. This enables a single team to manage two lines at the same time and ensures we can always have a line producing clinker and cement even if another is taken offline for maintenance.

5

Larger, more efficient kilns
A consequence of building larger factories is that we achieve considerable efficiencies through the larger sizes of their kilns, which is where a significant proportion of costs are spent. Raw materials are dropped through a pre-heater tower where they are heated using exhaust gases from the kiln below. In this way, our large and modern rotary kilns achieve rapid creation of clinker for relatively low energy usage, thanks to the efficiencies of the heat recycling systems deployed. Larger kilns therefore benefit from more efficient use of energy.

6

Cost-efficient fuel strategy
We have now converted all our large Nigerian lines to run on coal as well as gas – a project we began more than two years ago as part of our efforts to diversify fuel supplies, reduce costs and mitigate risks. By sourcing coal from our parent company, Dangote Industries, we achieve several competitive advantages in NIgeria: protection from disruption of gas supplies, margin improvements compared to gas, elimination of highly expensive LPFO and a significant reduction in the need for foreign currency in a time of shortage.



7

Strong focus on quality

The heart of our strategy is to offer higher-quality products than competitors, but made at lower cost. This relies on us deploying the most modern production techniques, backed by a constant focus on quality control throughout the entire process. We use gamma ray analysers in the quarries to ensure the best mixture of raw materials enters the production line. On the line itself we have automated sample collection that feeds limestone, clinker and cement samples to a modern robotic laboratory for instant analysis so that only an optimum product is ever sold to customers.

8

Good emissions control

Our plants are designed to perform at better than European standards of emissions, dust control and noise abatement. As outlined elsewhere in this report, we plan to introduce global standards of sustainability reporting from the beginning of 2017, so that we measure and disclose key variables such as CO2 emissions, dust control and water usage. We believe our focus on environmental care will bring advantages as African countries increasingly impose stronger regulations to protect the environment, thus obliging other operators to invest more in pollution control.

9

Finer grinding, better cement

Our plants use the latest vertical rolling mill (VRM) technology to grind clinker and other additives into cement. Compared with legacy horizontal ball mills that are still common in Africa, VRMs enable us to grind a finer, stronger and more rapid-setting product than is achievable with the older technology. Stronger and more rapid-setting cements are increasingly in demand across Africa as building sizes increase and speed of construction becomes paramount. Rapid-setting products are especially popular with block makers, enabling more turnover of blocks from a single mould.

10

Automated bagging and loading

Packing and loading bags is a critical end stage of the production process. Our rotary bagging systems are becoming increasingly automated, thus avoiding the need for workers to place bags onto the packing system itself. After weighing, bags pass by conveyors to the autoloaders that can load 800 50kg bags in less than 30 minutes, thus ensuring a much more rapid throughput when compared to manual loading by our own staff or by third-party distributors - an obvious benefit that makes our factories more appealing to customers.

11

Superior distribution capabilities

As one of the largest fleet operators in Sub-Saharan Africa, we control much of our own distribution and achieve significant cost savings and a deeper relationship with customers, to whom we can deliver cement directly. We procure large numbers of trucks that competitors simply cannot match, and manage them with GPS-based systems that ensure higher standards of fleet management. This is particularly advantageous when we export by truck from Nigeria to nearby countries such as Ghana, avoiding costly delays at borders.

12

Strong brand appreciation

Our cement is recognised as a premium product in the market, thanks to our strong focus on quality control at the factory and our customer service beyond. Our efforts in these crucial, market-facing areas help us to differentiate what could be regarded as a largely commoditised product. We support our products with strong marketing efforts that focus on brand building and raising the visibility of our bagged cement and the retail outlets through which it is sold, providing them with colourfully branded point-of-sale materials to attract customers.

OUR PEOPLE

Dangote Cement is one of the largest employers in Nigeria with more than 14,000 staff working in production, marketing, administration, logistics and many other functions. In total, we have 16,272 employees across Africa.

With such a large workforce comes a responsibility to those we employ and so Dangote Cement strives to respect the dignity of its employees and their rights to decent working conditions.

We believe in 'unity in diversity' and accordingly we seek to employ and retain the best human resources irrespective of disability, gender, race, ethnic origin or religion. We strive to provide employees with an atmosphere that promotes their productivity and develops their potential.

The Company achieves this by continuously rolling out strategic initiatives and programmes that ensure a conducive work environment and create the atmosphere for sustainable growth and development of our staff.

In line with our strategy to become a global and leading player in the cement industry, we continue to focus our efforts on expanding our operations beyond Nigeria, aligning our manpower requirements and organisational development to support our ambitious business goals.

In 2016, our main human resource activities were focused upon the following areas:

- Recruitment
- Training & development
- Organisational development
- Reorganisation of corporate HR organisation

Recruitment

Most of the recruitment efforts this year were channelled towards:

- Filling key management positions across the Group
- Engagement of both local employees and ex-patriot employees to replace the Sinoma contractors in the first phase of the hand-over exercise in operations including Nigeria, Zambia, and Senegal
- Recruitment of truck drivers for operations in Ghana
- Recruitment exercise for coal operations in the Obajana and Ibese plants
- Recruitment for new operations in Congo and Sierra Leone

These gave rise to a 14% increase in the Group permanent and contract headcount

Country	2016	2015
Nigeria	14,242	12,746
Cameroon	205	133
Congo	54	6
Ethiopia	524	233
Ghana	307	278
Senegal	180	144
Sierra Leone	29	4
South Africa	389	385
Tanzania	159	193
Zambia	183	156
Total	**16,272**	**14,278**

Training and development

Dangote Cement is constantly striving to improve the skills of its staff by providing training opportunities through the Dangote Academy, our training department and other training institutions within and outside of Nigeria. We recorded a huge success in our training and development programmes for this period.

Efforts continued in the development and roll-out of robust technical training programmes with modules specific to the cement operations in Nigeria, to ensure that existing and new employees receive the requisite training and skills set for their roles. These training programmes have also included technicians from plants across Africa, many of whom have undergone a number of training courses in Nigeria during the year. In addition, we provided SAP training across the Group.

We are also working in conjunction with the Dangote Academy to deploy a Foundation Skills Programme across our African operations. The areas of focus for this training programme are performance management, supervisory skills development and IT skills development.

OUR PEOPLE

Organisational development

In 2016 we continued to roll out the business transformation initiative begun in 2015, which saw the HR team embarking on a series of organisational development programmes to ensure the achievement of this initiative.

Most of our HR efforts in this area were focused on:

- Reviewing HR polices and processes
- Reviewing and updating procedural forms
- Reviewing and updating the staff handbook for all operations
- Reviewing the organisational structure
- Staff data capturing and database clean-up exercise
- Reorganisation of the corporate HR organisation

All these efforts are geared towards improving our operational excellence and ensuring that Dangote Cement remains the market leader in the industry.

Compensation and benefits

To ensure that our employees remain committed and highly motivated to perform, we continuously review their employment conditions and compensation in line with industry standards. We regularly benchmark against other companies of similar size.

Career development and succession planning

We value our human assets and are committed to the continuous development of our people for better performance and improved efficiency.

We have embarked on a series of programmes that will ensure that our talent pool is adequately developed and retained and also ensure that we attract the best calibre of people.

The HR team is working on the following:

- Development of a skills assessment and career planning framework and individual gap analysis at all managerial levels
- Identification of key positions and review of job descriptions
- Development programmes (in adherence to DIL's Foundational Training Program for 2015) are ongoing

STAFF DEVELOPMENT

Staff learning new skills at Dangote Academy

Dangote Academy

The Dangote Academy was established in 2010 to provide training in technical and management skills for employees and people wishing to join the Dangote Group of companies.

It was created in recognition of the fact that we cannot rely on Universities and Colleges to provide the very specialised technical and managerial training required to run major industrial factories such as ours, particularly in the large numbers of such people that we will need.

Therefore, the Academy's aims are as follows:

- To be the umbrella organisation for all talent development and learning initiatives in the Group
- To provide facility and platform for technical skills acquisition benchmarked to world-class standards
- To attract and develop high-quality talent from secondary and tertiary institutions through a structured process
- To align our skills development to the rapid changes in technologies by building long-term relationships with OEMs and institutions of learning

The Academy opened its first campus in Oshogbo in 2011, from which more than 550 students have graduated and gained employment within the Group. The Oshogbo campus can train 80 students at a time and will expand this number to 100 in the near future.

A second campus has been opened at Obajana Cement Plant in Kogi State providing classrooms and workshops as well as accommodation for more than 400 students. The Obajana campus will be the Academy's flagship Centre of learning in the coming years and will provide training for staff from Dangote Cement factories across Africa. It will be equipped with classrooms, high-tech workshops and machine simulators to train students in the use of key manufacturing systems.

The Academy works with industrial partners such as Haver & Boecker, FLSmidth, Loesche, Siemens and other OEMs to provide high-quality training in cement production and maintenance. It is collaborating with a German consortium to establish the German model of Dual Vocational Education System at Dangote Academy.

Key initiatives include the Graduate Engineers Training Scheme (GETS), the Vocational Training Scheme (VTS) and the Junior Technician Scheme (JTS).

Graduate Engineers Training Scheme (GETS)

The GETS enables young engineers to pursue a career in Dangote Group. The scheme prepares fresh engineering graduates with the necessary technical and supervisory skills to become team leaders, thus meeting our middle-level manpower requirements.

Operating in four phases, GETS begins with basic engineering theory workshop skills, progressing to IT and personal skills, plant skills and more advanced training in management and leadership. Graduates from this scheme will go on to become highly skilled plant engineers in Nigeria and Pan-Africa.

Vocational Training Scheme (VTS)

The VTS offers training for students in basic trades such as welding and fabrication, fitting and mechanical maintenance, heavy-duty automobile maintenance,

STAFF DEVELOPMENT

instrumentation, automation, electrical maintenance and process operation.

Five streams each of GETS and VTS trainees, in batches of about 50 students, have been trained since 2010. About 90% of those who graduated have since found employment with Dangote Cement.

Junior Technician Scheme (JTS)
The JTS is the latest addition to the Academy's learning initiatives and was conceived as a supporting scheme to the Vocational Training Scheme. The intakes usually come from various Technical Colleges in Nigeria.

The 18-month scheme has graduated its first and second batches of JTS Trainees, totalling 143. They were trained in areas such as workshop skills, welding and fabrication, fitting and mechanical maintenance, heavy earth-moving machine maintenance, electrical and instrumentation skills, all of which are vital to the continuing good maintenance of our plants. In addition, they were exposed to intensive "on-the-job" training at our various plants at Obajana and Ibese including workshop practice at Oshogbo Plant.

The second batch of Junior Technician Scheme trainees completed their 18-month training programme at the Academy in April, 2016. So far, about 40 of them have been offered full time jobs in the Group, while others are at various stages of the recruitment process.

Management development and foundational skills training
We have inaugurated a Management Development Centre at our Ikeja campus. The focus of this centre is to equip existing staff with basic skills and to sharpen their management and leadership skills to become more productive in their current roles, preparing them for future leadership positions in the Group.

This foundational skills training is being delivered by Dangote Academy with support from external vendors who have been certified for their competencies through a very rigorous selection process. Each of the programmes delivered by them is monitored for quality and continuous improvement.

The content of these programmes has been designed to keep in mind the roles and responsibilities, level of participants' experience and the skills gaps that have been identified.

By the end of 2016, the Dangote Academy had delivered 202 programmes covering approximately 35 business-relevant themes critical to the organisation. Since the creation of the Academy, approximately 7,000 staff have been trained in various function-specific and foundational skills programmes.

In addition to the foundational skills programmes started in 2015, the Academy introduced function-specific programmes in 2016 to support various business areas, based on needs analysis and the competency development gaps identified within them. We will expand the scope and operation of these in 2017.

Furthermore, we will extend the foundational skills training across Africa to cater to the needs of our staff working at our various operations in various countries in the continent. We propose to cover Senegal, Cameroon, Ethiopia, Tanzania and Zambia during the coming year.

We encourage staff to participate in continuing educational initiatives that are designed to improve their overall levels of competence in business.

Future of the Dangote Academy
As our Group expands, the Academy will expand in both geography and scope with the establishment of regional satellite academies to support the Pan-African businesses. The operations of these academies will remain centrally guided, for consistency and quality, but will be executed locally.

We have ambitious plans to develop the Dangote Academy beyond its technical training roots and transform it into a Technology & Management Institute. We hope it will ultimately evolve into a University of Technology & Management.

OUR APPROACH TO RISK MANAGEMENT

Dr Adenike Fajemirokun
Group Chief Risk Officer

"We must understand the myriad forms of risk we take and retain only those that are consistent with our aims."

Risk is an intrinsic part of doing any kind of business anywhere in the world. As an entrepreneurial company it is natural and indeed essential that we take risks in order to pursue our corporate strategy, because without embracing risk we can never hope to become a more successful company. Consequently, our approach is to retain risks where doing so contributes to value creation, but ensure the Group's ability to withstand the impact of any adverse outcome. Therefore, we must have the necessary capabilities, expertise, processes and controls to manage all risks appropriately.

Risks come in many forms: risks to capital we invest, risks of project failure, risks we might not perform well enough in new markets, risks from our supply chain, physical risks to our assets and our staff and risks to the good reputation we have worked so hard to build.

When things go well, the risks we have embraced will reap rewards that will enhance the value and the standing of the company. But when things go wrong, we very quickly learn that risks have consequences for our staff, for our assets, our business, our reputation, our valuation and for you, our shareholders.

This is why we take risk management so seriously at Dangote Cement. We must understand the myriad forms of risks we take and retain only those risks consistent with our risk appetite, so we can fulfil our long-term commitments to our customers and shareholders.

Back in 2014, we commenced the implementation of the Group Enterprise Risk Management Framework in Nigeria, using a holistic view of risk management that takes into account the diversity of risks we face, the relationships between them and the possible consequences, both individual and cascading, should any of these risks materialise. The following year, we broadened this approach to include all of our Pan-African subsidiaries.

What we have now is an Enterprise Risk Management Framework, governed by our Board and driven by a specialist team that takes a formalised approach to risk management across all our operations, using well-established methodologies and tools to identify, analyse and mitigate risks. Our appetite for risk is clearly and formally laid out and at all levels of decision

OUR APPROACH TO RISK MANAGEMENT

making across the business, we consider the potential impacts that diverse risks might have on our operations, our culture of safety, our finances, our reputation and ultimately our valuation.

An effective structure has been established to support the continuity of business in Dangote Cement in this global era of increased market volatility, unexpected disruptions to operations and risks that have the potential to perturb every area of the Group's business.

As an entrepreneurial company, we appreciate the importance of identifying and understanding the numerous types of risks to which we are exposed. This has enabled us to develop robust strategies to manage these risk exposures to levels within our risk appetite, but without losing sight of the intrinsic opportunities inherent in risks we face in pursuit of our strategic goals. Hence our perception of risk is not to avoid it but to embrace, understand and manage it in order to become a more successful company.

The 2016 financial year was particularly daunting for us as a company as the Nigerian and other African economies slowed down. Depressed oil prices, pipeline disruptions and the scarcity of foreign exchange (FX) led to a contraction in Nigeria's GDP. Many Sub-Saharan African Countries, including the ones in which Dangote Cement has operations, have been hit by multiple shocks including a sharp decline in commodity prices, tighter financing conditions and a severe drought in southern and eastern Africa.

Despite these challenges, Dangote Cement has utilised sound risk management strategies to guide and safeguard its investments across Africa. The scarcity of FX was a key concern for the Group, as it posed a threat to its operations as a result of import-dependent resources. However, our analytical and reporting processes had envisaged many of the potential threats to our business operations and these were managed proactively through sound risk management solutions including currency hedging strategies.

The resurgence of attacks on gas pipelines by militants in the South-South Region of Nigeria was another major challenge faced by the Group. These attacks disrupted gas supplies to our cement plants in Nigeria, spurring the need for alternative fuel. This serious risk to the business had been proactively managed since 2014 as it was considered a plausible scenario, allowing us the opportunity to put in place a strategy to guarantee the fuel security of our Nigerian cement plants ahead of time, giving us a considerable competitive advantage.

Because of this, we have aggressively pursued a strategy to diversify energy sources through the mining and use of coal to power our cement plants in Nigeria. The disruption to gas pipelines in 2016, along with the devaluation of the Naira, both led to an increase in the cost of gas and this inevitably led to an increase in production costs. Although the diversification of our fuel sources was necessary to mitigate the risk posed by unsteady supplies of gas, it has also had the effect of lowering costs by elimination of LPFO as a fuel.

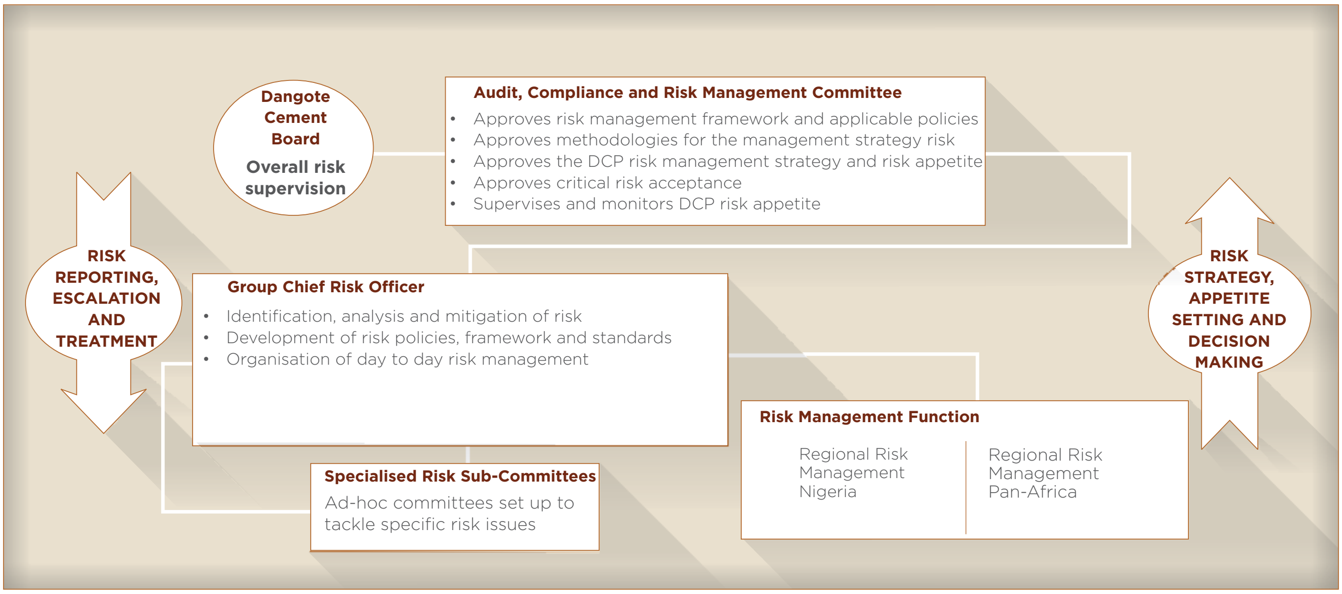
Risk governance

At Dangote Cement, risk management is conducted at the highest level. Our Board's Audit, Compliance and Risk Management Committee (BACRMC), chaired by Ernest Ebi, takes overall responsibility for managing risk and sets out our overall risk management objectives at Board level. These are implemented at strategic and operational levels by a team headed by the Group Chief Risk Officer.

Our risk governance structure is established to entrench a sound risk management culture in the organisation. This structure enables a thorough oversight of and responsibility for the effective management of risk across the Group.

The Board of Directors, through the Board Audit, Compliance and Risk Management Committee is responsible for defining our risk profile and ensuring effective risk management. The Committee is responsible for the formulation and implementation of the Group's risk policies, organisation and governance of risk management, oversight of the execution of risk management including identification, analysis and risk mitigation, within the scope of the risk appetite approved by the Board.

OUR APPROACH TO RISK MANAGEMENT



The Committee meets on a quarterly basis and may occasionally be supported by specialised risk sub-committees. Its Chairman reports to the Board on any significant risk-related matters that might affect the operation, profitability or reputation of the business.

Our appetite for risk

The BACRMC operates within the scope of a clearly defined appetite for risk across the group. This is articulated through “Risk Appetite Statements” that are high-level principles governing the maximum level of risk that we are prepared to accept in order to achieve our goals. They have been defined and approved by the Board to ensure that risk is proactively managed at a desired level across the organisation.

The Committee regularly reviews our Risk Appetite Statements to ensure consistency with our strategy, business environment and stakeholder requirements. They enable us to pursue our corporate strategy in a way that is mindful of our appetite for different types of risk, drive us to set clear thresholds of risk tolerance and remind us of the constant need to monitor all forms of risk as we conduct our daily business. These five simple statements can be applied across all aspects of the business and cover all the major risk categories that we might face.

Using Dangote Cement’s Risk Appetite Statements, tolerance levels, thresholds and targets are set at different trigger levels, with clearly defined escalation requirements that enable appropriate actions to be considered and implemented as required to manage the identified risks appropriately.

Dangote Cement’s Risk Appetite Statements are given below:	
Profitability	Dangote Cement should always have the ability, but not be required, to pay a dividend even under a severe downturn in the economy or in key markets
Solvency	Dangote Cement will manage its financial resources such that it can withstand severe financial stress
Reputation	Dangote Cement will maintain a strong reputation for integrity, openness and assisting the communities in which it operates
Health & Safety	Dangote Cement aims to have a world class approach to health and safety
Environmental Sustainability	Dangote Cement will ensure that the adverse impact of its operations is minimal on the environment

OUR APPROACH TO RISK MANAGEMENT

Reading these Risk Appetite Statements, it is immediately clear how they are aligned with the core values of our Company, as expressed in the Mission Statements we set out on page 39 and again below.

Our mission is to:

1. Deliver strong returns to our shareholders by selling high-quality products at affordable prices backed by excellent customer service
2. Help Nigeria and other African countries towards self-reliance and self-sufficiency in the production of the world's most basic commodity by establishing efficient production facilities in strategic locations close to key growth markets
3. Provide economic benefits to local communities by way of direct and indirect employment in all countries in which we operate
4. Lead the way in areas such as governance, sustainability and environmental conservation and to set a good example for other countries to follow.

Building a culture of risk management

Mindful of our corporate mission and the Risk Appetite Statements set out above, the Board Audit, Compliance and Risk Management Committee's policies are implemented through the direction of our dedicated Risk Management team. However, we take the view that risk management is the concern of everyone at Dangote Cement, so that people at all levels become involved in and responsible for the identification and analysis of risk and play a part in its mitigation.

Our risk management culture is therefore guided by the following principles:

- All business risks pose a threat to shareholder value if not managed properly
- In any business decision, we consider the balance of risks and rewards for our business and its value
- We have a clearly defined appetite for risk that governs the types and extents of business risks we are prepared to face
- We must continuously monitor and manage the risks that challenge us
- We are all responsible for the management of risk, from our Chairman, through our management teams to our colleagues on the factory floor

In practical terms, when a risk is identified we assign an 'owner' who becomes responsible for its monitoring and control. In this way, our risk management strategy cascades from the Board through the Risk Management team to responsible stakeholders at the departmental, country or Group levels. This ensures full engagement across all business activities at the strategic, tactical and operational levels of the organisation. Risk management is therefore a responsibility that is shared between operational staff and management at plant level, strategic management at country and regional level, our senior executives, our specialist Risk Management department and our Board.

Through this Group-wide collaboration we aim to ensure that:

- We have an effective risk-management platform to support our growth strategy and guide our daily operations
- All business activities and plans are aligned with the Group's risk appetite
- Risk awareness guides and informs decision-making across the business
- Risk profiles are defined at Group, regional, country and departmental levels
- Material risks are identified or anticipated before they become a problem
- No risk becomes realised in a way that harms our staff, our assets, our environment, our financial strength, our reputation or our value for shareholders.

The risk management processes

At Dangote Cement we have a comprehensive view of all major risks facing the Company. We understand that by their very nature, risks are always evolving, so we have developed a risk management framework that is both robust and adaptable. Our risk management framework consists of processes that facilitate the identification, measurement, evaluation, acceptance and management of risks.

Our risk management approach is disciplined and methodical to ensure value addition and value protection for the Group. The process ensures the appropriate ownership of risk and accountability of all stakeholders in the risk management value chain.

OUR APPROACH TO RISK MANAGEMENT

It also ensures that we collaborate and share our knowledge and best practices across the group.

Risk identification and assessment
Procedures for identifying risks are applied at department, country, regional and Group levels. Qualitative and quantitative tools deployed to manage this process effectively across the organisation include the conduct of Risk and Control Self Assessments, Key Risk Indicator Monitoring and Loss Incident Reporting. Processes for risk identification and assessment are conducted on a regular basis and supplemented with special risk reports when unexpectedly high risks are envisaged or actually become real.

Risk measurement and prioritisation
This requires that the consequences of potential risks or actual risk incidents are fully understood and quantified. Dangote Cement's overall risk rating is based on the potential for damage from any specific risk, multiplied by its probability of occurrence. These consequences can be injury to staff, destruction of assets, financial losses or damage to our reputation. Ultimately, all will have some consequences for shareholder value.

Risk control and reporting
After risks have been identified and their potential impact quantified, mitigation strategies are recommended, implemented, monitored and reported to the Executive Committee on a monthly basis and to the Board on a quarterly basis. Where necessary, special risk reports are sent to relevant stakeholders on a need-to-know basis. The Board Audit and Risk Management Committee reviews risk reports and approves the implementation of recommended risk control measures.

Risk monitoring
The Risk Management team is responsible for coordinating all the risk management processes implemented across the Group and ensures that risk controls are duly implemented. Where required risk controls remain outstanding, the Risk Management team ensures timely escalation to relevant approving authorities for the required budgetary approvals or control modification. The risk monitoring process leads to the identification and assessment of new risks that are then analysed using the process flow described above.

Principal risks facing Dangote Cement

As a multi-national cement manufacturing company we face diverse and extensive risks, from long-term economic conditions across an entire region to the risk of alienating a customer because of poor service.

The risk types outlined below are what the Board considers to be the most significant risks facing Dangote Cement and its ability to fulfil its long-term missions through the pursuit of its corporate strategy.

For each category of risk, we formulate and deploy mitigation strategies to ensure the minimum level of potential disruption. We also develop Key Risk Indicators which provide useful insights and timely leading-indications of evolving risk events developing internally within the operations of our business or emerging from external events such as macro-economic shifts.

Risk assessments and overall risk position
To determine our overall risk position, we consider the potential impact of current risks materialising. This includes cross-relational impacts across risk types,

OUR APPROACH TO RISK MANAGEMENT

Risk Type	Description	Risk Mitigation	Key Risk Indicator	Mission Statement
Business & Strategy Risk	Cost growth from increased energy cost; pressure of competition and impact on market share; over-supplied market; price wars; concentration risk; reputational risk; governance and risk oversight; environmental sustainability.	Investment in energy infrastructures to guarantee reduced energy cost; close monitoring of strategic initiatives and milestone achievements; formulation and review of strategy.	Energy mix ratio; concentration limits, EBITDA margin targets, dust and gas emission compared to limit; ratio cement production variance; production cost targets; and price optimisation targets.	1, 2, 4
Operational risk	Operational inefficiencies; human resources mismanagement; information technology issues; litigations against the Group; compliance risk; reporting risk; health & safety malpractices; quality control risk; technical failures; theft and fraud.	Reporting and escalation of key risks identified for effective and efficient treatment of identified risks.	LTIFR trends; overall equipment efficiency targets; percentage of trucks delivering within turnaround time; no. of unreconciled items; no. of unresolved customer complaints, no. of pending litigations; no. of key roles without back-ups; cumulative hours of SAP down time and no. of outstanding HSE audits.	1, 2, 3, 4
Financial risk	Insurance risk; credit risk; tax risk; market risk including interest rate risk and foreign exchange risk; liquidity and funding risk.	Reporting of breaches to approved limits, unauthorised transactions, long-outstanding claims.	Concentration limits; percentage of past-due to total exposure; percentage of FX requirements available; no. of outstanding claims; loss ratio and mark-to-market profit/loss.	1, 4
Business continuity	Major disruptions from social sabotage, unrests, political crisis, terrorism; floods; epidemics; geological damage such as earthquakes, landslides.	Effective business continuity management and contingency planning.	Percentage of trucks available to total no. of trucks; no. of unplanned critical equipment stoppages and actual recovery time compared to recovery time objective.	1
Risk analytics and modeling	Risk from inappropriate estimation of financial losses and translation of impact of non-financial risks.	Extensive portfolio reporting mechanisms highlighting correlations and combined views of key risks.	Scenario analysis.	1

Principal risk categorisation and management thereof, with relationship to corporate mission statements

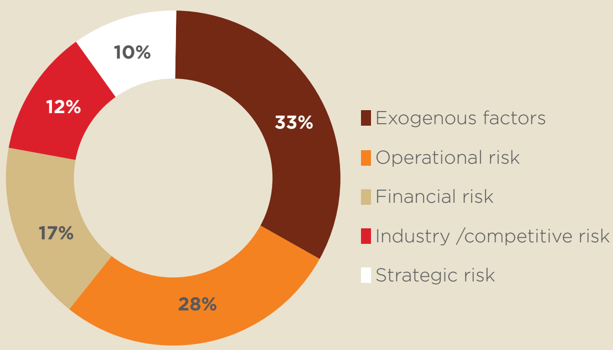
which we then aggregate for proper risk analysis and prioritisation. An example of this is reputational risk which has a number of dependencies should other risks materialise.

Current risk profile

We regularly perform comprehensive risk assessments across our businesses and building projects. The outcome of each risk assessment determines the number of risk assessments to be carried out in the year at each site. In 2016, risk assessments were conducted at all operational plants to ensure a comprehensive risk profile could be drawn up. Dangote Cement's risk profile is illustrated in the chart.

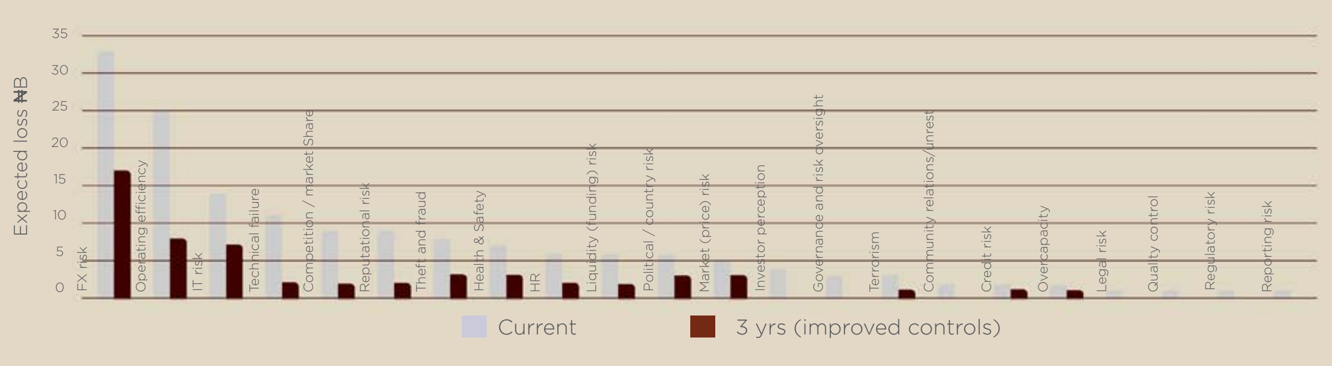
Exogenous risk factors, such as currency exposure, are the largest element of the risk profile at 33%. Operational risk accounts for 28%, followed by

Current risks



OUR APPROACH TO RISK MANAGEMENT

Risk quantification and analysis – summary of risks



financial risk, which accounts for 17%. Other risks, strategic risk and competitive and industry risks account for the balance of the Group's risk profile.

In our risk management process we try to quantify the potential losses should key risks materialise. For a wide variety of risks, we multiply the likelihood of the risk actually happening against the potential financial losses it might cause. Our 'expected loss' is the sum of all these factors put together. Furthermore, we conduct this risk-wide analysis in the face of four different scenarios of stress.

Considering that these expected losses are scenario-based and represent potential losses related to our key risk exposures, we adopt processes to ensure these risks are promptly identified, properly mitigated and closely monitored on an ongoing basis, within acceptable limits. The approaches we adopt for maintaining an optimal risk environment on an ongoing and forward-looking basis are:

- Strategic planning that aligns risk strategy and appetite with commercial objectives
- Continuous monitoring of approved risk targets set by the Board and Executive Management
- Timely redress of threats by ensuring action plans for proper risk mitigation are closed out
- Prompt reporting of key risks to management
- Continuous implementation of all elements of the risk management framework, which also includes specific stress tests where applicable to underpin our monitoring of processes

Outlook

Economic growth has fallen in Africa because of falling oil prices and reduced demand for minerals. Governments have streamlined budgets with most, especially in the developing countries of Africa, being focused on capital projects with greater long-term benefits for their respective countries.

Dangote Cement's outlook is thus aligned with the focus of governments on spurring economic revival and growth through investments in infrastructure and building. This invariably presents an opportunity for the Company's entrepreneurial vision for international growth, sustainability and the creation of value for shareholders. These drivers form the basis of our risk management practices, which are custom-made across the business.

Our Risk Management team continues to ensure that the required framework for holistic, effective and efficient risk management is deployed across the organisation.

In so doing, we will continue to ensure that financial and non-financial threats to our corporate goals are eliminated or minimised to the best of our efforts.

Dr Adenike Fajemirokun,
Group Chief Risk Officer

OUR APPROACH TO SUSTAINABILITY

Massimo Bettanin
Head of Sustainability

The Cement industry has a large ecological footprint because of its significant use of natural resources such as limestone and fuel. The industry is second only to power generation in the production of CO2.

Whilst the cement industry plays a significant role in terms of economic and social relevance, largely by its inherent nature to build and improve infrastructure, progressive cement companies are recognising that to remain competitive in the future, they must combine sound financial performance with a commitment to social responsibility, environmental stewardship, and economic responsibility. These three dimensions are referred to as the "triple bottom line" of Sustainable Development (SD).

As the global population rises and urban infrastructure expands, building sustainable cities is both a challenge and a priority. As the leading cement producer in Africa, we have the power to make a real impact through innovative services, interventions and solutions. To do this, every one of us at Dangote Cement is committed to making it a priority to share our sustainability journey, goals, programmes and initiatives with all stakeholders and employees, including our Board of Directors. With their support and guidance, we will be empowering our communities and promoting sustainable growth and well-being for all.

The world expects every business to not only manage its own sustainability issues, but also help society manage its wider issues. The social and environmental challenges facing the world are more critical than ever. The newly adopted United Nations Sustainable Development Goals and the Paris Agreement on Climate (COP21) create new frameworks of action for all, including regulators, companies and citizens.

Our approach

Our approach to sustainability issues is informed by an extensive process of both internal and external consultation and a deep analysis of the major global societal challenges where we can have a significant contribution. Anchored on three main objectives under Occupational Health and Safety, Social Investment, and Environmental Care, (HSSE), we are positioned to implement policies to manage our approach to these important activities of our businesses. Sustainability is regarded as a strategic priority for achieving our long-term business objectives.

Although we have already achieved some goals with our HSSE programme, we are constantly working to enhance the HSSE performance of our activities to attain a comparative edge against other international conglomerates of our size.

Dangote Cement is committed to adopting the International Finance Corporation's Performance Standards on Environmental and Social Sustainability, which were published in 2012. The Performance Standards define roles and responsibilities for managing projects and requirements for IFC support.

We are embracing these principles and are convinced that a focus on sustainability will support our business strategy. We aim to lead on sustainability issues and set new standards as we help transform the way our industry works and encourage Africa's building and construction sector to play its part in addressing our planet's biggest issues.

OUR APPROACH TO SUSTAINABILITY

Our commitment to providing the best place for our employees to work and improving the quality of life of the people in the communities in which we operate is being achieved by creating value for everyone.

By everyone, we mean not only our employees and subcontractors, but also all the stakeholders affected by what we do, from shareholders to customers, governments and the communities that are close to our operating locations. We support education, health and empowerment in host communities and sponsor sports and cultural development initiatives in our communities and elsewhere.

We are committed to aligning our sustainability framework 'in accordance' with the comprehensive option of the latest Global Reporting Initiative's Global Standards premised on (GRI) G4 guidelines at the global front and the SEC Code of Corporate Governance in Nigeria.

As the largest cement producer in Africa, we are committed to disclosing material information against all disclosures required by both local and international regulations that relate to our business activities.

To keep our sustainability objectives on track, we will also set targets for our core KPIs that will be strategically aligned to our sustainability approach and linked to the material issues identified.

Setting new ambitions for sustainable development
We are responsible for applying our abilities, products and services to solve challenges. We constantly strive to minimise the environmental impact of all our operations, from mining to cement production and distribution.

In line with international practices, we have identified and implemented several measures to ensure a sustainable mode of operations. We realise that we play an important role in the local economy and consciously strive to support local businesses to service our local operations, which in turn improves the lives and prospects of the local communities in which we operate.

Helping the Federal Government to achieve its Sustainability Development Goals (SDGs) is not only the responsible thing to do, it is also strategically relevant from risk and growth standpoints. The SDGs foster new business opportunities and build markets and relationships around the world, while improving our environment and society's quality of life.

Our social initiatives aim to work hand in hand with the local communities in regions where we operate. By building a strong workforce through employment of local people and contractors, the empowerment of youth, the provision of educational help, provision of high quality infrastructure, driving improvements in local healthcare and improvements in community welfare, we will contribute to the SDGs and reinforce our commitment to building a better future.

We are also committed to including details of how our initiatives and activities contribute to the achievement of the Global SDGs.

What we do: Health and Safety
Health and safety management is a key priority for Dangote Cement. As a result, we are committed to the implementation and maintenance of an Occupational Health & Safety Management System (OHSMS) to ensure the prevention of occupational accidents or ill health that may potentially affect anyone who works at or visits our places of business throughout Africa.

A Technical & Operations Committee was created by the Board in 2014 and was charged with the responsibility of reviewing safety, health and environmental performance and improvement plans.

We also have a strong commitment to the continuous improvement of the way we manage our work places and observe compliance with legal and regulatory requirements that govern them. We aim to provide a conducive environment for all stakeholders in the manufacturing industry. Some of our efforts are confirmed with the packaging and sales of our cement product which have the Occupational Health and Safety Assessment series BS: OHSAS 18001:2007 certification.

OUR APPROACH TO SUSTAINABILITY

Our Health and Safety personnel conduct regular health monitoring of our staff especially those that work in the plants to certify that they are not negatively affected by company activities. These medical assessments include chest x-rays and hearing tests.

We are determined to create an embedded safety culture across all our business operations with the objective of minimising the risk of accidents and achieving zero fatalities. To check that we are meeting our benchmarks, we carry out internal health and safety audits on lost time incidents, fatalities and medically treated cases. External health and safety audits are also carried out regularly by industry regulators as well as certification bodies, at our invitation.

Emphasis on employee safety is key. We have systems in place to ensure that all accidents are recorded and that all serious accidents are fully investigated. This data is then subject to close scrutiny by senior management and presented monthly to the Executive Committee and the Board of Directors to ensure that adequate health and safety measures are taken across the business.

All staff at the plants are free to raise their concerns with senior management regarding OHSMS. There are medical facilities and medically trained staff on duty at all operational sites with ambulances available for emergency evacuation to local or national hospitals. All medical staff undergo regular training and testing.

Commissioning of new concrete road in Ogun State

A comprehensive and ongoing safety training programme is conducted by dedicated staff and supplemented by external contractors. We work closely with our contractors and exchange knowledge to ensure that our procedures are aligned.

Dangote Cement operates in accordance with each country's OHSMS legislation and our OHSMS policy is reviewed every five years for continuing suitability, thereby providing the basis for setting and reviewing Occupational Health & Safety objectives and targets.

In order to develop a positive health and safety culture throughout Dangote Cement, we are committed to complying with national and international rules and guidelines concerning health & safety.

Environment

Dangote Cement believes that sound environmental management, together with a proactive approach to addressing the challenges and opportunities of climate change, is fundamental to making its business better. We are committed to the highest standards of environmental performance and recognise the part it can play in improving the sustainability of the environment.

We are committed to the implementation and maintenance of the National Industrial Standards ISO 14001:2004 Environmental Management System (EMS), which ensures a systematic approach to environmental management within the defined scope of our operations. We are committed to complying with relevant legal requirements with a view to providing a sustainable environment for manufacturing, packaging and sales of cement. By this, we aspire to the continuous improvement of our operations.

We conduct environmental baseline studies before building our plants and also carry out periodic environmental monitoring of air emission and air quality with particular attention to dust, waste water discharge, and noise emissions. We ensure that all our plants are issued EIA/ESIA permits as required by the local legislation and the International Finance Corporation (IFC).

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This environmental policy, which is sustained by all concerned through proper communication and awareness, is documented, implemented, maintained and endorsed by the Plant Directors and circulated to employees, suppliers and other stakeholders. The Environmental Policy is reviewed every three years for continued suitability, thereby providing the basis for setting and reviewing environmental objectives and targets.

Dangote Cement constantly strives to minimise the environmental impact in all its operations, from mining to cement production and distribution. In line with international practices, we have identified and implemented several measures to ensure sustainable objectives and goals.

Some of these include:

- Investments in state-of-the-art bag filters and electrostatic precipitators at all plants to ensure minimal dust emissions, making Dangote Cement one of the industry's greenest cement companies not only in Nigeria but across Africa. Regular monitoring with action plans put in place to reduce emissions in accordance with national and international statutory control guidelines.
- Use of different fuel options to minimise emissions of greenhouse gases and other pollutants. Most of the captive power we consume at plants in Nigeria is generated using natural gas with options to use other fuel as backup.
- Completely covered raw material and process conveyors ensure dust-free manufacturing. Similarly completely covered conveyor belts taking limestone from the mines into the plant minimise vehicle movement and are standard at our plants.
- Impounded rain water around plant areas is used for cooling purposes and is completely re-circulated while wastewater is efficiently treated for further use or safe disposal.
- Our reclamation strategy keeps the topsoil removed while mining for limestone. The reserved top soil is used to refill the mined lots with trees and grasses planted. We strive to restore the land used for mining purposes to its original state so that it may be used for agricultural purposes.

Social investment

Social investment is a key priority and Group-wide investments seek to:

- Broaden opportunities for economic empowerment of host communities through support of local entrepreneurial initiatives including micro, small and medium enterprise development programmes that promote access to finance, business development services and access to markets
- Improve health by building hospitals/health care centers, strengthening the quality of medical services, tackling malnutrition and improving access to safe water and sanitation
- Promote quality education by building classrooms, providing books and equipping science laboratories, by improving access to high standards of basic education, through support for enhanced training of teachers and by improvements in the curriculum, by improvements in the availability of quality vocational and technical education in Nigeria to increase employment opportunities as they align with labour market demands, and by awarding scholarship to qualified individuals

We realise that we play an important role in the local economy and consciously strive to support local businesses to service our local operations which in turn improves the lives and prospects of the local community.

We prioritise relationships with all our stakeholders including our host communities and work with the community leaders to adequately address any

Commissioning of the Solidarity Bridge for our local community in Senegal

OUR APPROACH TO SUSTAINABILITY

concerns, ensuring that they are actively involved in any community development plans sponsored by the Company.

Dangote Cement's alignment with reporting standards
Dangote Cement is committed to adopting the highest levels of both domestic and international best practice in implementing its sustainability objectives. We hold ourselves accountable by the highest standards as we intensify our commitment to adopting the International Finance Corporation's Performance Standards on Environmental and Social Sustainability.

Consequently, to further improve our sustainability strategy initiatives, we aim to align with both domestic and international organisations that advocate sustainable development including:

- The Rulebook of the Nigerian Stock Exchange: Sustainability Disclosure Guidelines
- Global Reporting Initiative: Global Standards/G4 Sustainability Reporting Guidelines
- Cement Sustainability Initiative: Key Sustainability Issues

The Rulebook of The Nigerian Stock Exchange, which was published in 2015 (the "Rulebook") is a compilation of all the Rules, Regulations and Guidelines ("Rules") of The Exchange in one document.

The document is binding on Dealing Members in their relationship with The Exchange, as between themselves as Dealing Members, and as relates to the business which they conduct as Dealing Members of The Exchange with the general public.

The Exchange has proposed additions to the Rulebook by introducing an aspect that focuses on Sustainability Disclosure Guidelines. The proposed guidelines aim to draw the attention of Issuers listed on the Exchange to important governance, economic, social and environmental issues and address the values to be gained from doing business in a sustainable manner.

The guidelines provide a step by step approach on integrating sustainability and detail the indicators that should be considered when providing annual disclosures to The Exchange.

Our Chairman, Aliko Dangote, with children at a camp for internally displaced people in Borno State

The proposed guidelines are aligned with some of the Sustainable Development Goals (SDG) of the United Nations (UN). Essentially, the guidelines aim to drive sustainability disclosure through the following nine globally accepted principles and standards, as follows:

Governance

- Principle 1: Businesses should conduct and govern themselves with ethics, transparency and accountability.
- Principle 2: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

Economic

- Principle 3: Businesses should provide products and services that are safe and contribute to sustainability throughout their life cycle.
- Principle 4: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Social

- Principle 5: Businesses should promote the wellbeing of all employees.
- Principle 6: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.
- Principle 7: Businesses should respect and promote human rights.
- Principle 8: Businesses should support inclusive growth and equitable development.

Environment

- Principle 9: Business should respect, protect, and make efforts to restore the environment.

Dangote Cement intends to demonstrate its commitment to improving its sustainability performance, compliance and reporting across the triple bottom line by adopting and embedding these principles from the NSE's Rulebook into its business operations and activities and also into its governance.

A separate but related set of reporting standards is being promoted by the Global Reporting Initiative (GRI), which is a leading organisation in the sustainability field. GRI promotes the use of sustainability reporting as a way for organisations to become more sustainable and contribute to the sustainable development of society. GRI has pioneered sustainability reporting since the late 1990s, transforming it from a niche practice into one now adopted by a growing majority of organisations. The GRI reporting framework is the most trusted and widely used in the world.

In November 2015, the GRI Board formally established the Global Sustainability Standards Board (GSSB) to transition GRI's Sustainability Reporting Guidelines into a set of global Standards. By creating the GSSB to oversee this crucial work, they are able to demonstrate that GRI Standards are developed and maintained in an objective and independent manner. This aim was to restructure content from the G4 Guidelines and Implementation Manual into a set of modular, interrelated GRI Sustainability Reporting Standards. GRI Sustainability reporting standards were launched in October 2016 to further help businesses, governments and other organisations to understand and communicate the impact of business on critical sustainability issues.

All elements of the reporting framework are created and improved using a consensus-seeking approach, and considering the widest possible range of stakeholder interests. This includes business, civil society, labour, accounting, investors, academics, governments and sustainability reporting practitioners.

GRI Standards are aligned with international instruments including the UN Guiding Principles on Business and Human Rights, the ILO Conventions, the UN Global Compact 10 Principles, the OECD Guidelines for Multinational Enterprises, among many others. Additionally, guidance is provided on how GRI Standards link to many of the common national and international frameworks, helping organisations to streamline their reporting processes for optimum efficiency.

In order to enhance our sustainability reporting and comply with internationally agreed disclosures and metrics, Dangote Cement is committed to using the Global Reporting Initiative (GRI) framework to prepare its Sustainable Development Reports.

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Category	Economic	Environmental
Aspects	• Economic performance • Market presence • Indirect economic impacts • Procurement practices	• Materials • Energy • Water • Biodiversity • Emissions • Effluents and waste • Products and services • Compliance • Transport • Supplier environmental assessment • Environmental grievance mechanisms

Category	Economic		Environmental	
Sub-categories	**Labor practices and decent work**	**Human rights**	**Society**	**Product responsibility**
Aspects	• Employment • Staff/management relations • Occupational health and safety • Training and education • Diversity and equal opportunity • Equal remuneration for women and men • Supplier assessment for labour practices • Labour practices grievance mechanisms	• Investment • Non-discrimination • Freedom of association and collective bargaining • Child labour • Forced or compulsory labour • Security practices • Indigenous rights • Assessment • Supplier human rights assessment • Human rights grievance mechanisms	• Local communities • Anti-corruption • Public policy • Anti-competitive behavior • Compliance • Supplier assessment for impact on society • Grievance mechanisms for impacts on society	• Customer health and safety • Product and service labeling • Marketing communications • Customer privacy • Compliance

SPECIFIC STANDARD DISCLOSURES FOR THE CONSTRUCTION AND REAL ESTATE SECTOR	
ECONOMIC	• Economic performance • Market presence • Indirect economic impacts
ENVIRONMENT	• Materials • Energy • Water • Biodiversity • Emissions • Effluents and waste • Products and services • Transport • Land degradation, contamination and remediation

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SOCIAL	LABOUR PRACTICES AND DECENT WORK • Employment • Occupational health and safety • Training and education • Diversity and equal opportunity • Equal remuneration for women and men HUMAN RIGHTS • Non-discrimination • Child labour • Forced or compulsory labour • Security practices • Supplier human rights assessment SOCIETY • Local communities • Anti-corruption • Public policy • Anti-competitive behavior PRODUCT RESPONSIBILITY • Customer health and safety • Product and service labeling

Cement Sustainability Initiative

The Cement Sustainability Initiative (CSI) demonstrates the cement sector's commitment to sustainable development. The CSI was set up to examine issues surrounding sustainable development in the cement sector and to develop and promote best practice across the industry in a number of areas.

The purpose of the Initiative is to explore what sustainable development means for the cement industry, identify actions and facilitate steps cement companies can take, individually and as a group, to accelerate progress toward sustainable development. It provides a framework for other cement companies to become involved and creates the content and context for further stakeholder engagement.

In their Agenda for Action, the CSI member companies defined a work programme to proactively and systematically tackle the environmental and social impacts of cement manufacturing. They have since developed guidelines for good practice across all addressed issues and defined key performance indicators (KPIs) and measurable targets to track progress.

Companies report publicly on their performance with regards to the commitments taken in the CSI, as outlined in the CSI Charter. The key issues are highlighted below:

- Employee health and safety
- CO2 and climate protection
- Responsible use of fuels and raw materials
- Emissions monitoring and reduction
- Biodiversity/local impacts on land and communities
- Water impact management
- Sustainability with concrete

Dangote Cement seeks to make considerable progress in terms of sustainability. In order to accelerate our progress towards sustainability, we have set ourselves ambitious goals which will be implemented into actions in accordance with our corporate philosophy.

We are therefore committed to build a framework on sustainability as well as set individual performance targets and report publicly on progress in our operations using the CSI guidelines. Currently, the CSI is included as part of our work programme on water, biodiversity and land stewardship, as well as supply chain management.

OUR APPROACH TO SUSTAINABILITY

Developing Sustainability Policies

In a bid to set ourselves apart in terms of sustainability and as a way of complying with applicable laws, standards and requirements. We are in the process of adding new sustainability policies to existing ones that will be applicable and implemented across the Group.

These policies will set the tone for sustainability and further reiterate our commitment towards staff, investors, customers and other stakeholders. Some of these HSSE policies and standards include:

- HIV/AIDS policy;
- Alcohol policy;
- HSSE Risk Management Standards
- Incident Reporting & Investigation Policy;
- Safety Management Standard;
- Environmental Social Impact Assessment (ESIA);
- Environmental Management Standard;
- Stakeholder Engagement Standard; and
- Community Investment Standard.

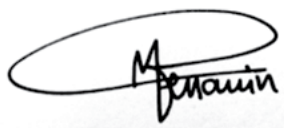
Baseline audits are preliminary assessments to develop a reference point. We are committed to ensuring that we carry out a baseline audit to assess our performance in relation to defined sustainability parameters in order to determine and prioritise which initiatives we should pursue to better integrate sustainability parameters into our core systems and procedures. This method will serve as a basis for comparison in future audits.

Developing and testing key performance indicators

A set of key performance indicators have been identified and monitored and targets will be set around key issues of sustainability that are material to our businesses. This will serve as our commitment to report and manage impact.

Our Sustainability Reporting Roadmap

Dangote Cement proposes a 3-year road map for the development and implementation of a robust Sustainability Reporting process and methodology. This roadmap shows the steps Dangote Cement has initiated towards a robust systems with regards to sustainability.



Massimo Bettanin

Head of Sustainability

2016	2017	2018
• Benchmarking - Lafarge, Cemex, PPC, ACC • Pilot selection of KPIs to monitor and report (Fatalities, FFR, LTIs, LTIR, Dust, GHG, Water) • Monitoring of reporting framework developed • Preliminary identification of applicable reporting standards • Reporting Guidelines in line with CSI standards developed and communicated to all sites • Management review of pilot results started • Basic/foundation training of relevant staff	• Management review of pilot results and CAs to improve reporting reliability and consistency to be completed • Review of CSI full set of KPIs and FRC Reporting Standard requirements • Development (if needed) of procedure/criteria for Materiality assessment • Identification of key stakeholder and understanding of their expectations • Identification of KPIs to report based on CSI/FRC review and stakeholder expectations • Intermediate & professional training of relevant staff	• Roll out of the monitoring and reporting system across the whole business to include depots and transport • Definition of baseline • Internal data assurance • Identification and set up of targets for improvement taking into account stakeholders' expectation and business need/resources • Management review of monitoring/reporting content (i.e. materiality, stakeholder inclusiveness, completeness) and quality (i.e. comparability, accuracy, clarity, reliability, etc.)

Operational Review

INTERVIEW WITH THE GROUP CHIEF EXECUTIVE OFFICER

Onne van der Weijde
Group Chief Executive Officer

"We delivered strong growth across Africa in what was not an easy year for some of its economies, increasing sales volume by 25%."

Last year you said the aim for 2016 was to achieve good growth across Africa; did you achieve that?
Yes, I think we delivered strong growth across Africa in what was not an easy year for some of its economies. We increased overall Group sales volumes by 25.0% to almost 23.6Mt and that was in line with what we had been forecasting at the beginning of the year. As a result of this volume growth we increased Group revenues by a very healthy 25.1% to ₦615.1B.

EBITDA fell slightly to ₦257.2B because of lower pricing for much of the year and the increase in fuel costs associated with the disruptions to our gas supply. However, the final quarter was very strong and EBITDA rose sharply compared to the quarter before, because of the price adjustment in September and a better fuel mix. In fact, in financial terms it was our strongest ever quarter, so that gives a sense of how 2017 could evolve.

The highlight was the strong volume growth in Nigeria, where we increased local sales volumes by 11.1%, and began exports in volumes that turned Nigeria into a net exporter. We also delivered good growth in our Pan-African operations, increasing sales by 54.0% to more than 8.6Mt.

What were the main pressures facing Dangote Cement in 2016?
In previous years I think we had to focus on managing our own growth and delivering our expansion timetable on schedule, and these were very much internal factors. We were achieving success by opening modern and competitive plants in countries that, by and large, were experiencing good growth and relative stability.

Compared with 2015, I think it is fair to say the economy deteriorated much further for us in 2016. We faced the devaluation of the Naira in June, the shortage of foreign currency in Nigeria and attacks on pipelines in the South of Nigeria that disrupted our gas supplies and forced us to use expensive LPFO to fuel our kilns.

Other countries across Africa were also experiencing economic downturns and pressures on their currencies, notably Zambia and South Africa, where we had opened plants only in the past couple of years. In Ethiopia there were political tensions and civil unrest that disrupted our production and distribution. All of these pressures were external factors that we couldn't control.

INTERVIEW WITH THE GROUP CHIEF EXECUTIVE OFFICER

Why was Dangote Cement able to turn in such a robust performance while others were struggling?
I think it's because those strong foundations are the result of decisions we have taken about how we manage the business for the future. A good company needs to be run with a mixture of decisions about the long-term, strategic direction it needs to be moving in, along with more tactical decisions about how it responds to market conditions.

In our case, the overarching strategy has been to expand very rapidly across Africa and in doing so, diversify the business in terms of markets, risks and sources of revenue and profitability. Now, in 2016, we can see how that strategy has helped us in a time that our main market of Nigeria is facing a recession, high inflation, lower consumer spending and a shortage of foreign currency to fund essential imports.

But outside of Nigeria we've had operations that have now been running for more than a year and they are experiencing good growth and improving profitability, so we have managed to offset some of those top-line pressures in Nigeria with revenue streams from countries in very different parts of the continent.

Furthermore, those Pan-African operations are helping to generate foreign currency for the Group, so this shows how a long-term decision to diversify can help with a short-term pressure like an illiquid currency market in Nigeria. Obviously, this will be helped by increasing the amount of cement we export from Nigeria to places like Ghana and Cameroon and that's a focus for the coming years.

Another long-term strategic decision we made was to install coal-milling facilities at all our plants in Nigeria, a project we completed in the final quarter of the year. That was a decision taken a couple of years ago in response to maintenance disruption on the nation's gas infrastructure, when militant attacks were not part of the problem. But in 2016 we saw a very strong resurgence of militancy and its associated attacks on gas pipelines and although we didn't have coal facilities ready on every line, we had enough to negate the need to switch entirely to LPFO, which is a very expensive way to fuel the kilns we use to make cement. So this was a very smart decision because it helped us to protect margins by using a cheaper alternative to LPFO, even if the coal we were using was imported.

The second part of that coal strategy is that we will soon be able to use coal mined in Nigeria by our parent company Dangote Industries. Again, this came from thinking some years back about what we needed for the future and the benefits will come at a very good time for us. We will be able to control our own supply chain, the coal we mine will be priced and paid for in Naira, not Dollars, and it will be cheaper compared to gas, which is priced in Dollars and paid in Naira.

Then if we look at shorter-term, more tactical decisions, we can see the incredible impact our price cut of September 2015 had on sales of cement in Nigeria. We then had 11 months of very good growth at a time when the country was in recession, and although we obviously gave up some margin, we increased volumes very significantly to compensate.

This, in turn, meant we had to achieve substantial development of the supporting areas of the business, like marketing and transport and those improvements were great achievements for us in 2016.

How did improvements in these supporting functions make a difference?
Looking back, it's clear that we were able to take that pricing decision because, unlike some other manufacturers in Nigeria, we had lots of capacity to supply that increased demand, so we had a lot of operating leverage. But the growth we achieved wasn't just a factor of the pricing actions we took. We had thought about how we sell into the market and again, this has been a strategic shift for us. A few years ago, we were selling in a deficit market and of course that was relatively easy. When the deficit cleared we knew we had to begin marketing the product very strongly to consumers, so we hired a marketing expert who knew about fast-moving consumer goods.

The approach we took in 2016 was to hire more sales and marketing staff, focusing on retail presence, activating thousands of outlets and making sure they had strong branding and promotional materials so that people could see our name and our brand everywhere across the country. We invested heavily in logistics and distribution to get the product to the customer, and we can do this because we have always maintained a strong balance sheet.

So it wasn't just an increase in demand, we were very proactive in generating demand and taking share, both of which increased our sales volumes in Nigeria. The result is the 11.1% increase in volumes we saw in 2016 and an increase in market share from 62% at the beginning of the year, to around 65% at the end. We are taking the same approach in other markets across Africa and this is driving market share gains across the region because our factories are doing well from the day they open. Our strategy is to be the leader or number two in all countries in which we operate and we aim to have more than 30% share.

How did the market react when you increased prices at the end of August 2016?

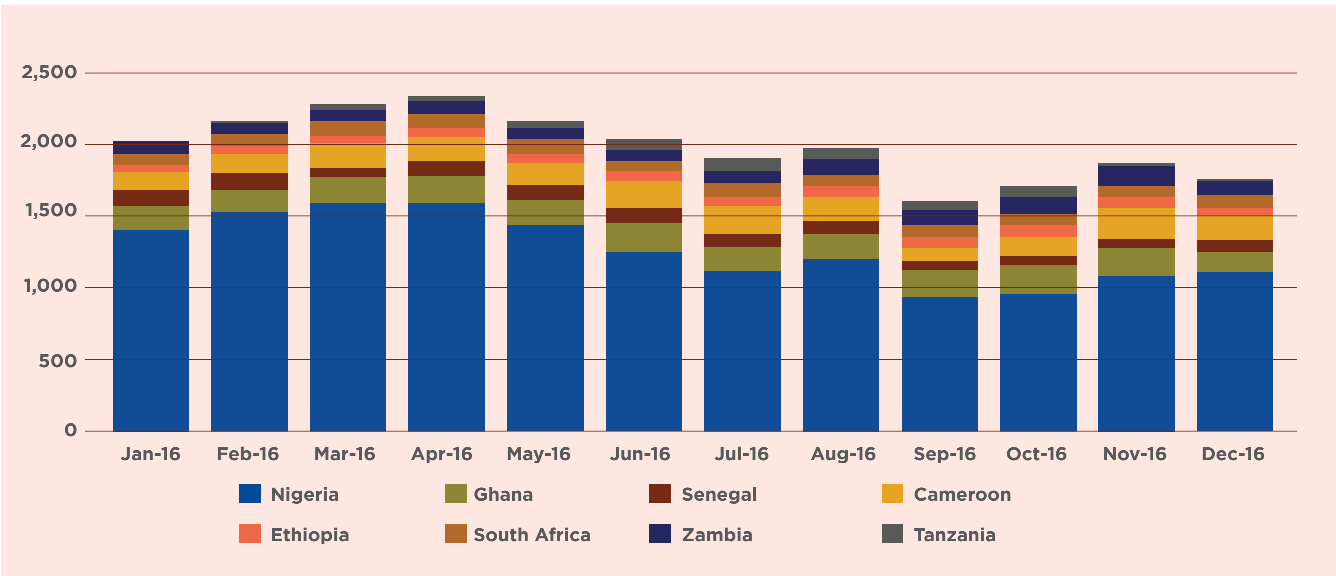
Right from the day we cut the price of cement in September 2015, we had been quite clear that we would increase prices if there was a devaluation of the Naira, so I don't think anybody was surprised when we announced the new pricing a year later. We had consistently said we would take action to protect margins if our import costs rose and that is exactly what happened, because prices were simply not sustainable at those levels if the business was to remain in good health.

The devaluation took place in late June and we waited until late August to adjust prices because of the rainy season, when demand normally dips, so in fact the demand was slowing even before we increased prices. We saw a contraction of sales volumes in the later months, but because we had increased the price, there was less impact on revenues. More importantly, despite lower sales volumes you can see a sharp rise in EBITDA in the final quarter and that bodes well for 2017.

How did the new factory in Tanzania perform?

It was a mixed year in Tanzania. We started well and despite being the furthest cement plant from the main market in Dar es Salaam, we quickly gained more than 20% share. But a few months later we had a temporary closure for some technical issues and that cost us some sales.

At the same time, we were negotiating a gas supply agreement and I'm pleased to say we managed to resolve that issue satisfactorily. The lack of an agreement on gas supply had forced us to use diesel gensets before that because there isn't enough grid power in the area to keep the plant running, and that affected margins in Tanzania quite badly. Now we have reached an agreement on gas supply we can swap the diesel gensets for much cheaper gas turbines that will



INTERVIEW WITH THE GROUP CHIEF EXECUTIVE OFFICER

immediately bring the plant into profitability after they are commissioned at the end of the second quarter of 2017. Later this year we will start building a permanent coal/gas power station and we will equip the kilns to run on gas as well as coal, as they do in Nigeria.

Were there any aspects of the business with which you weren't satisfied in 2016?
I think in general we performed very well. If there was any issue for us it was actually that we were producing a lot of cement and had to run most of our lines, including those we hadn't yet converted to take coal. So when the gas supply fell to very low levels in the middle of the year, we found ourselves using a lot of LPFO to support production and meet the very strong demand we were seeing at the time. That hit our margins. Now we are fully capable of running on coal and the gas situation has improved so we have no more need for LPFO and stopped using it after September.

Also, because we saw so much growth in Nigeria I think we concentrated on meeting local demand rather than exports, so exporting will be an area of focus in 2017.

What are the main priorities for the business in 2017?
We will focus on growth in revenues and EBITDA. We will develop our export capabilities by improving logistics so that we can export bulk cement to Ghana, and by establishing port facilities at Apapa in Lagos so we can get clinker onto ships bound for Cameroon. We have established an Export Organisation to take responsibility for ensuring we can execute our strategy.

Another priority will be to maintain and improve cost leadership across Africa. Everywhere we operate we are the cost leader because we have built large, very modern, highly efficient factories and so we have many competitive advantages compared to other manufacturers with significantly older facilities.

We will focus our efforts and our capital expenditure on improvements in 2017, rather than building and expanding. That's because the currency situation has made it difficult to source enough dollars to fund the expansion in the timescale we had originally envisaged, where we would have about 75Mta capacity by 2020.

Now it will take a little longer to reach that level of capacity across Africa but we are still committed to the scale of the expansion. Given the pressures many other manufacturers are facing in Africa, I don't foresee anyone else taking advantage even if we delay our entry into some markets,

What is your focus of investment in the coming years?
We have outlined our investment priorities very clearly: firstly, we will concentrate on reducing costs, improving logistics and increasing efficiencies through operational improvements and debottlenecking. Then we will look to develop import and grinding facilities in West Africa that we can feed from Nigeria because that is a win-win for both countries' operations. After that we will look at brownfield expansions or plants in new markets that are capable of generating good returns. If the currency situation improves we can pick up the pace of expansion again, but for now we are satisfied with the plans we are pursuing.

What is the outlook for Dangote Cement in 2017 and beyond?
The Nigerian economy needs to recover to support building work but I can see plenty of signs for optimism. The Federal Government published a budget that includes ₦1,047B for infrastructure and that will need a lot of cement. As the oil and gas industry recovers we will see improvements in power distribution and a general pick-up in economic activity. I think Nigeria is a robust country and has the capability to bounce back, as will the other African countries into which we are expanding and gaining market share every year.

So in summary, because we have pursued a good long-term strategy of diversification, cash generation and cost control, I am confident that the Company is in very good shape to build on the considerable success we had in 2016.

Onne van der Weijde
Group Chief Executive Officer

REVIEW OF THE BUSINESS IN 2016

Nigerian operations

After more than a decade of strong GDP growth, Nigeria's economy fell into recession in 2016, with the World Bank estimating that GDP contracted by 1.7%. Falling oil prices reduced government revenues at national and state levels, resulting in delays to salary payments, delays to contractor payments and a reduction in infrastructure investment.

The associated devaluation of the Naira and the limited liquidity of currency markets created additional pressures for consumers who experienced falling disposable income and inflation higher than 18% in the final months of the year, reaching 18.55% in December. In addition, a resurgence of militancy in the south of Nigeria led to oil and gas shortages as pipelines were attacked, resulting in shortages of power and fuel.

Against these significant challenges, Nigeria's market for cement proved itself to be remarkably robust in 2016 and we estimate that total market sales rose by 5.7% to 22.7Mt in 2016, from 21.5Mt the year before. Market growth was very strong in the first four months of 2016 following the price reduction we introduced in September 2015. In fact, we achieved 11 months of growth after that reduction, with the majority of cement being sold through retail outlets and distributors for small-scale building.

Dangote Cement was the leading supplier in Nigeria, with volumes rising by 11.1% from 13.3Mt in 2015 to nearly 14.8Mt in 2016, almost double the market growth rate. Including exports, total sales from Nigerian plants were 15.1Mt, or a 13.8% increase. Backed by strong marketing efforts, better logistics and increasing brand recognition through retail and distributor promotions, we increased our market share from 62% in 2015 to 65% in 2016, despite the recent entry of a new competitor in Edo State. We estimate that our next-largest competitor has a 24% share.

Across Nigeria, we sold 22% of our cement into Lagos and Ogun, with a further 15% being sold elsewhere in the South West. The South South region accounted for 17% of sales volumes and the South East took 14%. The North regions, including Abuja, took 29% of sales.

Our large plants at Obajana and Ibese accounted for almost all of our Nigerian sales, with Obajana selling 7.6Mt, slightly less than in 2015 because of the poor fuel supply, and Ibese increasing sales by 37.3% to 6.9Mt.

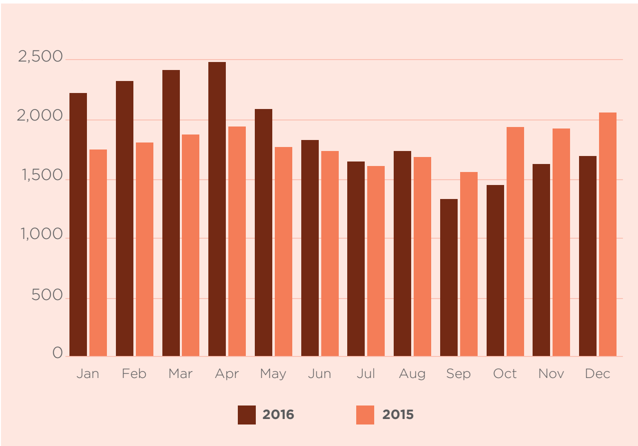
Our 4.0Mta plant in Gboko, which remained mothballed for much of the year, sold 0.6Mt. The plant, which has no gas supply, has now been equipped with coal milling facilities enabling its kilns to run on coal instead of the more expensive LPFO. This will increase profitability at the plant when operations restart and the plant's re-opening will enable us to improve distribution in the North East and South East regions of Nigeria.

All our plants are supported by their own fleets of trucks, controlled by a modern fleet management system. We have nearly 2,000 cement delivery trucks at Obajana and 1,500 at Ibese.

Although we achieved volume growth in each of the first three quarters of 2016, fourth-quarter sales were lower than in 2015, following the N600/bag price increase we took in early September, as well as the fact that some competitors delayed price increases to make temporary gains in market share. The price increase and an improved fuel mix doubled fourth-quarter EBITDA per tonne in Nigeria, compared to the third quarter of 2016.

We improved our marketing across Nigeria in 2016 with strong promotional activities such as the Mega Millions Dash helping to build very strong brand awareness and a preference for

Total Nigeria cement market sales 2015/6



REVIEW OF THE BUSINESS IN 2016

Dangote Cement amongst retailers and buyers. We continued our efforts to activate new, highly visible retail outlets in key markets, supporting them with colourfully branded tarpaulins, tables, chairs and parasols, all of which proved extremely popular with sellers. In addition, we provided large, branded storage containers for a number of vendors and worked with them to improve awareness of the product. The average value of this material to retailers was about ₦100,000 per site.

Our cement is now sold through more than 15,000 outlets across Nigeria and this is by far the largest retail activation campaign ever undertaken by any cement company in Nigeria.

At distributor level, we gave a total of 120 trucks to more than 100 of our largest partners as an incentive to help them improve the distribution of our cement to their customers.

We will continue our strong marketing efforts in 2017 with new and very innovative promotions to increase retailer loyalty, such as giving away a daily prize of a heavily branded 20ft container loaded with 600 bags of cement over a 60-day campaign. This daily prize is worth about ₦2m to the retailer and provides a highly visible presence at the point of sale.

We believe that imports of cement into Nigeria fell significantly in 2016, made deeply uneconomic because of the lower pricing regime for most of the year, as well as the fact that bulk cement could only be purchased at the much more expensive unofficial exchange rate.

During 2016 we exported 0.2Mt of cement from Nigeria to Ghana, using a dedicated fleet of 1,000 trucks. We will increase exports of cement to Ghana in 2017 and as both countries are in the ECOWAS trading zone, these exports are not subject to duties on arrival in Ghana, nor are profits on them taxed in Nigeria. We hope to supply all of our needs in Ghana from Nigeria.

In addition, we sold cement into other markets including Togo and Niger, both of which are in the ECOWAS duty-free zone.

With our formal exports exceeding imports, we have transformed Nigeria, once one of the world's biggest importers of cement, into a net exporter. In addition, we believe that large quantities of cement sold into markets near the Nigerian border were informally exported by customers. We will substantially increase export sales from Nigeria in 2017.

Gas supply was a significant problem during 2016 as attacks on gas pipelines in the south of Nigeria forced us to use the back-up fuels of LPFO and coal. While some of our Nigerian lines were able to use coal as a back-up fuel in the first eight months of the year, the high demand for cement obliged us to produce on lines that could only use LPFO as a back-up when gas pressures dropped.

Our use of LPFO was especially high in the period from May to July, averaging 62% at Obajana and 30% at Ibese. This was before we had completed the conversion of all lines to be able to use coal, in September. During 2016, we imported more than 0.4Mt of coal from South Africa to support our operations, and purchased an additional 0.1Mt of coal from third-party mines in Nigeria.

In the first half of 2017 we will begin sourcing coal from mines in Kogi State, operated by our parent company, Dangote Industries. Locally-mined coal will be cheaper than imported coal and even cheaper than gas at the Obajana plant. Use of Nigerian coal, priced and paid for in Naira, will reduce our need for foreign currency.

The impact of the sub-optimal fuel mix was exacerbated by the devaluation of the Naira in June and the associated shortage of US Dollars required to pay for coal and LPFO imports. Additionally, though sourced in Nigeria, our gas supply is priced in US Dollars, but paid in Naira. We estimate that the sub-optimal fuel mix increased costs by ₦13B in 2016.

Pan-African operations

Pan-African operations include factories or import facilities in Cameroon, Ethiopia, Ghana, Senegal, South Africa, Tanzania, Zambia and forthcoming operations in Congo and Sierra Leone.

REVIEW OF THE BUSINESS IN 2016

Pan-African operations achieved sales of 8.6Mt in 2016, an increase of 54.0% on the 5.6Mt sold in 2015. The increase is attributable to higher sales across established factories and the maiden contribution of Tanzania, which opened in the first quarter of 2016. Financial performance for 2016 did not include Sierra Leone or Congo, which are expected to begin sales in the first quarter of 2017.

Cameroon

Cameroon is expected to have increased GDP by 5.6% in 2016, with slightly higher growth forecast for 2017, according to estimates published by the World Bank in January 2017. Inflation has been falling since May 2015, reaching 1.1% for the first nine months of 2016.

Key drivers for cement demand are infrastructure projects focused upon port development, power generation, new roads and dams. The country has begun to enforce a ban on imported bulk or bagged cement, introduced at the start of 2016, presenting an opportunity for our 1.5Mta grinding plant to gain market share quickly by selling cement made in Cameroon from imported clinker.

During 2016 we sold nearly 1.1Mt of cement, a 90% increase on the 0.6Mt sold in 2015 despite maintenance in June and heavy rains from July to October. With total market sales at about 2.5Mt in 2016, this gave us a market share of 43%. Cement pricing was about $103 on average, after rebates and discounts.

A significant development for our factory was the opening of its dedicated unloading jetty in August. Previously, we unloaded clinker and gypsum in the Port of Doula and conveyed it to the factory by truck, which obviously increased its cost.

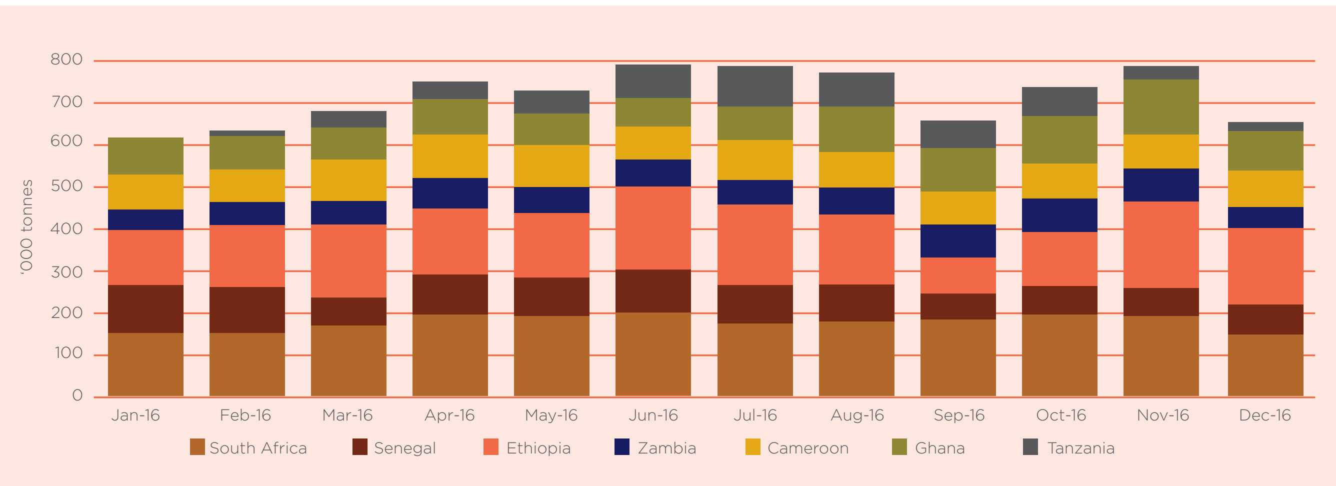
Additionally, building our own dedicated jetty eliminated the need to queue ships or compete for space in the port. This also helped to reduce the cost of importation slightly. Clinker can now be offloaded from the ship directly onto conveyor belts that take it to the clinker silo.

As with 2015, we experienced problems with the quality of imported clinker, obliging us to use more for each tonne of cement we ground at the plant. We used approximately 0.85Mt of clinker to produce 1.1Mt of cement, at a clinker-cement ratio of 1.23. Our plan is to make more use of higher-quality clinker imported from our plants in Nigeria, once export facilities have been put in place there. We have a fleet of more than 200 trucks for cement distribution in Cameroon, but these handle only 20% of dispatches from the factory. The remaining 80% of cement sold is collected by customers.

Congo

The Republic of Congo is expected to show a slight increase in GDP over the past year, rising from 2.6% in 2015 to 4.6% in 2016, according to World Bank estimates published in January 2017. Inflation rose sharply during the year, starting at about 2% and ending 2016 at more than 6%, according to Trading Economics.

Pan-African operations: sales volumes by country ('000 tonnes)



REVIEW OF THE BUSINESS IN 2016

Global Cement Report 11 estimated consumption in 2016 would be about 2.4Mt, for a population of about 4.5 million, driven by strong building activity across the residential, commercial and infrastructure sectors. Before our entry, the country had limited production capacity, from sub-scale plants, and most demand was satisfied by imported cement.

Our forthcoming 1.5Mta plant at Mfila will be by far the largest and most modern production facility in the country. It began clinker production late in February 2017 and therefore made no contribution to the business in 2016. However, we are confident that the plant will quickly achieve good sales in 2017, given our ability to produce and distribute high-quality cement across the country and even into the neighbouring Democratic Republic of Congo, which has good potential for export sales.

Ethiopia

Ethiopia's economy has been one of the top performers in Africa and even after some slowing, the country is expected to have achieved 8% growth in 2016, according to the World Bank. Higher growth is forecast for 2017 and 2018. Inflation fell during the year, according to Trading Economics, starting at about 10% in January and falling to 6.7% by the end of the year.

Our 2.5Mt cement plant in Mugher opened in May 2015 and quickly achieved a strong presence in the market, being just 90km from the capital, Addis Ababa, with good road links in between.

Cement sales of nearly 2.0Mt in 2016 were well ahead of the 1.0Mt sold during seven months of operation in 2015, despite significant disruption to sales caused by drought, civil unrest and attacks on foreign-owned factories. We estimate that we achieved market share of 24% in 2016, despite the entry in the final quarter of a new manufacturer with a 1.4Mta plant not far from our own.

Our plant benefits from being able to take electrical power from Ethiopia's well-developed grid, which reduces the need for imported fuel and thereby helps to reduce costs. The large size of our plant is another competitive advantage in a market that is supplied by numerous sub-scale plants using inefficient legacy kiln technologies. In addition, we have nearly 400 trucks for distribution of cement into key markets such as Addis Ababa. Cement prices fluctuated during the year, averaging $80 and ending the year at $82.

With low per-capita consumption of around 60kg-65kg, good economic growth and a large population, we believe Ethiopia will continue to be a key market, especially if the government can deliver its ambitious plans for development, with major projects including the Renaissance Dam, which begins operation in 2017. Furthermore, we believe there is some potential to export cement from Ethiopia to countries such as Somalia and South Sudan, despite the distances involved. We have also experienced some interest from cement importers in Kenya.

Ghana

Ghana's economy remains under pressure from high inflation and lower prices for key exports such as oil, gold and cocoa. GDP growth was expected to have been about 3.6% in 2016, per World Bank estimates.

Ghana's currency, the Cedi, devalued slightly during 2016, experiencing a slight fall across the year against the US Dollar. The trend is likely to continue in 2017 if cocoa prices decline as the market goes into surplus, though increases in gold and oil prices would help to support the local currency.

We sold 1.1Mt of cement in Ghana, up 73.9% on 2015. In doing so, we increased our market share from an estimated 19% at the start of 2016, to 23% in December. We sell higher-quality 42.5R (rapid-setting) against 32.5R and 42.5N (normal-setting) products available from competitors, but price competition remains a factor and selling prices averaged $115 during the year, ending 2016 at $92.

From July, having taken delivery of a fleet of 1,000 trucks dedicated to Ghanaian operations, we began to replace Far Eastern imports with cement from Nigeria. We imported 0.2Mt from Nigeria and our enhanced distribution capabilities enabled much of

REVIEW OF THE BUSINESS IN 2016

it to be delivered directly to customers in Ghana. In 2017 we will import much more cement from Nigeria, which is a fellow member of ECOWAS and therefore such imports will enjoy significant duty benefits when compared to imports from the Far East. In addition, we are planning to build a 1.5Mta clinker grinding facility so that we can import clinker to manufacture cement within Ghana itself.

In January 2017 we were honoured by the Ghana Revenue Authority for being the largest taxpayer in the Tema region where our import and bagging facility is located. The factory employs more than 300 people directly and we expect to create hundreds more jobs in operations and logistics when the new grinding plant opens at Takoradi.

Senegal

Senegal has higher than average urbanisation when compared to other African countries, at 43%, as well as a strong commitment to infrastructure investment focused on roads, railways and a new airport.

Inflation is low, even negative, and as with other countries whose currency is the CFA, the currency is relatively stable against the Euro.

Our factory in Pout opened in December 2014 and quickly established itself as a formidable new entrant into a market dominated by two well-entrenched incumbents. By the end of 2016 we were the number two producer, selling slightly more than 1.0Mt of cement in a market of 4.0Mt, which is a market share of 25%.

We achieved this rapid success by selling superior 42.5-grade cement at a price competitive with other manufacturers' 32.5-grade products. Since then, other producers have upgraded to 42.5-grade and cut the price of their 32.5-grade products in response.

We increased sales volumes by nearly 9% in 2016, despite a 10-day stoppage for unscheduled maintenance in March. In April 2016, we achieved a successful handover of the Operation & Maintenance (O&M) contract of plant from the contractor, Sinoma and now run O&M ourselves.

Cement pricing was relatively stable during 2016, averaging $76 across the year. In 2017 we expect to increase sales even further, serving export markets in Mali and other neighbouring countries.

Sierra Leone

Our 0.7Mt import and bagging plant in Sierra Leone received its first shipment of bulk cement and began selling to customers in January 2017 and therefore made no contribution to the business in 2016.

The country has no native limestone and is therefore reliant upon imports of bulk cement. Now that the country is free of Ebola we anticipate that activity will pick up as the economy recovers. Having fallen to -21% in 2015, the World Bank expects Sierra Leone's GDP growth to have been approximately 3.9% in 2016.

The health of the mining industry will be a key factor in Sierra Leone's recovery and the World Bank estimates GDP growth could expand to nearly 7% in 2017 if activity in the mining sector recovers. Per-capita consumption of cement is relatively low at less than 60kg, with urbanisation at just 40%.

We estimate the market for cement to have been 0.3Mt in 2016, somewhat ahead of the 0.2Mt sold the year before. Given the country's low consumption at present, our import facility is more than capable of satisfying demand for the entire country. We hope eventually to satisfy this demand by supplying cement produced in Senegal or Nigeria which, like Senegal, are members of the ECOWAS duty-free trading zone.

South Africa

South Africa's economy remained muted in 2016, with GDP growth of just 0.4%, according to World Bank estimates published in January 2017. Inflation was nearly 7% at the end of 2016, according to Trading Economics.

The South African government is increasing its commitment to infrastructure investment and in December 2016, confirmed plans to spend up to ZAR 987.4B ($72B) over three-year period from 2017, with a focus on energy, transport and telecommunications.

REVIEW OF THE BUSINESS IN 2016

South Africa's cement market is experiencing little growth, reflecting the country's economy. Consumption in 2016 is estimated at 12.6 Mt, or about 230kg per capita.

As one of the country's newest and most modern producers, Dangote Cement South Africa increased sales by 3.8% during the year, despite the entry of a new manufacturer in January. The bagged market performed better than the bulk market because of a slowdown in large construction projects. Sales were particularly strong in the key rural inland markets where we have a strong footprint of large and small retailers. Demand around the major cities were lower due to a lack of confidence in the formal sector.

The main retail channels are large home improvement chains and builders' merchants in the case of cement. We are strongest in Limpopo province, Kwa-Zulu Natal, Mpumalanga and North West Province, which are predominantly rural. Our distribution to these markets is completely outsourced.

Cement prices were under pressure during the first half of the year and we were able to achieve an average of 5% higher pricing for bagged cement from July 2016. However, with two producers delaying their price increase to the third quarter, our increase was not sustained in all markets, resulting in a lower effective price increase by the end of the year. Nonetheless we believe cement pricing has begun to stabilise because all South African producers have implemented total or selective increases across all markets, thereby helping to reverse recent price cuts. The average price was about $59 in 2016.

Cement imports declined significantly in 2016 after new duties were imposed to prevent dumping by foreign exporters. We estimate total imports to have been 430kt for the full year, which is significantly lower than the 820kt imported in 2015. This has obviously created opportunities for substitution with local cement.

During the year, our South African operation continued to focus on an optimisation programme to improve logistics, sales and plant efficiency.

Tanzania

Tanzania has been one of the few countries in Africa to average GDP growth of more 7% over the last fifteen years. Tanzania's GDP is expected to grow at 7.1% in 2017 to 2019, according to World Bank estimates.

The country was in a period of transition in 2016 following the general election. The new government has outlined ambitious plans to improve public sector efficiency and boost living standards. However, with tight monetary policies in place, the reality was that government spending on announced infrastructure projects and other major reforms was relatively muted.

REVIEW OF THE BUSINESS IN 2016

Cement sales in Tanzania have primarily been driven by growth in the housing sector and government spending on infrastructure, especially road projects, new railways and airports.

With a low cement per-capita consumption of 65 kg per annum, the potential for cement growth is high. However in recent months construction activity has been subdued primarily because of slowdown in the housing and commercial sectors. Infrastructure projects are expected to pick up in 2017.

In February 2016, Tanzania's cement market was transformed by the entry of Dangote Cement's 3.0Mta factory in Mtwara, on the south coast of Tanzania. The factory is the largest in the country, but is also the furthest away from the key market of the capital, Dar es Salaam.

Despite the distance, we quickly gained recognition in the capital and the increased capacity and competition in the market spurred a fall in prices that put other producers under pressure. With our focus on product quality and attractive pricing, our cement gained rapid acceptance in the Tanzanian market and we achieved 26% market share in the month of July 2016.

Tanzania sold 0.6Mt of cement in 2016 and we are now building our distribution fleet to nearly 600 trucks so that we will be in a strong position to reach all markets across Tanzania in 2017. We will also develop jetty facilities that will enable us to move cement by ship to Dar es Salaam as well as offshore demand centres in the Indian ocean.

As has been widely reported, a lack of agreement on gas pricing for most of the year meant the plant used temporary diesel generators to power its electrical needs. As a result of the high costs involved, the plant was below break-even for the year. However, after agreement on gas pricing we will significantly reduce our energy costs by using gas-fuelled generators as an interim solution. As there is insufficient grid power available in Mtwara, we will begin construction of a permanent coal-fired power station at the plant in 2017.

Zambia

Zambia's economy continues to be affected by a downturn in copper mining, lower export revenues, high inflation, high unemployment and rising national debt. As a result, the Kwacha was under pressure against the US Dollar in 2016 but now appears to be stabilising.

Following the serious drought in Zambia, electricity shortages are frequent and a braking influence on economic improvement across the country.

The World Bank estimates Zambia's GDP achieved 2.9% growth in 2016, which showed little improvement over 2015. However, GDP growth is expected to recover to about 4% over the next few years, according to the same World Bank estimates published in January 2017. The economy is being helped by increasing middle-class demand for household goods, consumer electronics and higher-quality foods.

The country has an abundance of natural resources and there is a good commitment to investment in major infrastructure projects in transport and energy. Furthermore, after recent elections the country enjoys the political stability necessary for investment and a resumption of economic growth.

Zambia's cement industry has about 3.5Mta of capacity and our 1.5Mta plant at Ndola is the country's largest factory, being based in the Copperbelt region near the border with the Democratic Republic of Congo.

Our plant, which opened in 2015, has the advantage of being the country's most modern and efficient. We have a fleet of nearly 370 trucks to enable deliveries across the country and is capable of selling high-quality 32.5 and 42.4-grade cements to meet a wide variety of building needs. Cement pricing averaged about $79 during the year and ended 2016 at the same price.

Zambia increased sales to nearly 0.8Mt during 2016, and we estimate this gave us a market share of approximately 40%.

GROUP CHIEF FINANCIAL OFFICER'S REVIEW

Brian Egan
Group Chief Financial Officer

"Despite many economic challenges in Nigeria and across Africa, we increased earnings per share by 4.5%."

Financial highlights

Year ended	**31-Dec-16**	**31-Dec-15**
Volume of cement sales	**'000 tonnes**	**'000 tonnes**
Nigeria	15,128	13,290
Pan-Africa	8,639	5,609
Inter-company sales	(192)	(41)
Total cement sold	**23,575**	**18,858**

	31-Dec-16	**31-Dec-15**
Revenue by region	**₦m**	**₦m**
Nigeria	426,129	389,215
Pan-Africa	195,028	103,477
Inter-company sales	(6,054)	(967)
Total revenue	**615,103**	**491,725**

	31-Dec-16	**31-Dec-15**
Group performance	**₦m**	**₦m**
EBITDA	257,243	262,448
EBITDA margin	*41.8%*	*53.4%*
Operating profit	182,493	207,822
Operating margin	*29.7%*	*42.3%*
Profit before tax	180,929	188,294
Earnings per ordinary share (Naira)	11.34	10.86
Dividend per share (Naira)	8.5	8.0
Total assets	1,527,908	1,110,943

GROUP CHIEF FINANCIAL OFFICER'S REVIEW

Overall Group cement sales increased by 25.0% from 18.9Mt in 2015 to nearly 23.6Mt in 2016. Sales volumes increased in every country as more businesses posted their first full financial year of cement sales and increased market shares in their respective countries.

Nigerian operations increased total sales volumes by 13.8% to more than 15.1Mt, of which approximately 14.8Mt was sold in the Nigerian market, where we improved market share to 65%. Export sales were 366Kt during 2016. Our sales growth was particularly high in the first eight months of 2016, driven by lower pricing introduced in September 2015, improved marketing and substantially lower importation.

Pan-African volumes rose by 54.0% to slightly more than 8.6Mt, with a 0.6Mt maiden contribution from Tanzania, nearly 2.0Mt of cement sold in Ethiopia and a 73.9% increase in volumes in Ghana, which sold 1.1Mt of cement in 2016.

As a result of the increased sales, Group revenue increased by 25.1% to ₦615.1B (2015: ₦491.7B). Before ₦6.1B of adjustments for inter-company sales, Nigeria increased revenue by 9.5% to ₦426.1B (2015: ₦389.2B). The impact of the ₦600/bag price increase introduced in Nigeria in September was felt in the final quarter of the year. Pan-African revenue increased by 88.5% to ₦195.0B, or 31.7% of Group revenue (2015: ₦103.5B, 21%).

Manufacturing and operating costs

Year ended	31-Dec-16	31-Dec-15
	₦m	₦m
Materials consumed	87,203	55,623
Fuel & power consumed	112,265	66,495
Royalties paid	1,382	1,138
Salaries and related staff costs	24,019	15,263
Depreciation & amortisation	51,245	38,243
Plant maintenance costs	29,063	18,331
Other production expenses	21,165	10,830
Increase in finished goods and work in progress	(2,526)	(4,115)
Total manufacturing costs	**323,816**	**201,808**

In general, manufacturing costs increased in line with increased production volumes driven by higher sales in Nigeria and our operations in Senegal, Cameroon, Zambia and Ethiopia ramping up production throughout the year, as well as maiden operations in Tanzania. Comparative costs for 2015 represent less than 12 months of trading in Zambia, Ethiopia and Cameroon, which began operations during 2015. In addition, disruption to gas supplies in Nigeria increased manufacturing costs by ₦13B because of higher use of LPFO, which is almost 2.5 times higher than the cost of gas per tonne of cement manufactured.

Administration & selling costs

Year ended	31-Dec-16	31-Dec-15
	₦m	₦m
Administration & selling costs	119,336	86,046

Total selling and administration expenses rose by 38.7% to ₦119.3b, mostly as a result of higher sales and associated distribution costs in Nigeria, as well as the ramp-up and increased sales in Senegal, Cameroon, Ethiopia, Tanzania and Zambia.

The depreciation of the Naira from ₦199/$1 at the end of 2015 to ₦304/$1 at the end of 2016 also contributed to the overall increase in operating costs for the Pan-Africa operations, as costs incurred in local currency were converted into Naira.

Profitability

Year ended	31-Dec-16	31-Dec-15
	₦m	₦m
EBITDA	257,243	262,448
Depreciation & amortisation	(74,750)	(54,626)
Operating profit	**182,493**	**207,822**

EBITDA contribution by operating region

Year ended	31-Dec-16	31-Dec-15
	₦m	₦m
Nigeria	241,969	247,479
Pan-Africa	26,456	25,070
Central costs & inter-company	(11,182)	(10,101)
Total EBITDA	**257,243**	**262,448**

GROUP CHIEF FINANCIAL OFFICER'S REVIEW

As a result of the average lower prices in Nigeria and cost pressures detailed above, particularly the increased fuel cost in Nigeria and the use of diesel in Tanzania, Group earnings before interest, tax, depreciation and amortisation (EBITDA) fell slightly by 2.0% to ₦257.2B at a margin of 41.8% (2015: ₦262.4B, 53.4%).

Excluding eliminations and central costs, EBITDA fell by 2.2% in Nigeria, to ₦242.0B at a margin of 56.8% (2015: ₦247.5B, 63.6%). However, despite lower volumes of cement being sold, EBITDA rose significantly in the final quarter of the year because of higher pricing introduced in September 2016 and a more favourable fuel mix, resulting in the best-ever quarterly EBITDA for the Group. Fourth-quarter EBITDA per tonne was almost double that of Q3 2016. Pan-African EBITDA rose by 5.5% to ₦26.5B (2015: ₦25.0B, 24.2% margin), but at lower 13.6% margin because of start-up and fuel costs in Tanzania.

Operating profit of ₦182.5B was 12.2% lower than the ₦207.8B for 2015. With higher fuel costs and new plants ramping up throughout Africa, the Group operating margin eased to 29.7% in 2016, from 42.3% in 2015.

Interest and similar income and expense

Year ended	31-Dec-16	31-Dec-15
	₦m	₦m
Interest income	2,662	1,699
Exchange gain	41,155	12,250
Finance income	**43,817**	**13,949**
Finance costs	45,381	33,477
Net finance cost	**1,564**	**19,528**

Late in June 2016, the Nigerian Naira was devalued from about ₦197/US$ to ₦280 and ending the year at ₦304. This resulted in high exchange gains from assets denominated in foreign currency and losses from liabilities denominated in foreign currencies including gains from inter-Group assets and liabilities that do not eliminate in full on consolidation.

Taxation

Year ended	31-Dec-16	31-Dec-15
	₦m	₦m
Tax credit/(charge)	5,695	(6,971)

The effective tax rate for Nigerian operations was 2%, representing a mix of non-taxable profits from cement produced on lines still under Pioneer Tax Exemption, the application of the Commencement Rule that resulted in increased tax rates for lines out of Pioneer status, and tax exemption on the profits of export sales. The ₦5.7B tax credit for the Group resulted from deferred tax credits for Pan-African operations.

The Group's profit for the year was ₦186.6B (2015: ₦181.3B). As a result, earnings per share increased by 4.5% to ₦11.34 (2015: ₦10.86).

Financial position

Year ended	31-Dec-16	31-Dec-15
	₦m	₦m
Property, plant and equipment	1,155,711	917,212
Other non-current assets	64,888	25,141
Intangible assets	4,145	2,610
Total non-current assets	**1,224,744**	**944,963**
Current assets	187,471	125,188
Cash and bank balances	115,693	40,792
Total assets	**1,527,908**	**1,110,943**
Non-current liabilities	65,841	57,196
Current liabilities	308,257	164,058
Debt	356,465	244,969
Total liabilities	**730,563**	**466,223**

The balance sheet remains strong with non-current assets increasing from ₦945.0B at the end of 2015 to ₦1,224.7B at 31st December 2016. This was mainly as a result of exchange gains on assets held outside Nigeria following the devaluation of the Naira, as well as capital expenditure within Nigeria and other African countries.

Additions to property, plant and equipment were ₦136.2B, of which ₦62.9B was spent in Nigeria and ₦33.1B on trucks and vehicles.

Current assets increased by ₦62.3B, driven mainly by the increase in stocks of spares, fuel, consumables and other receivables associated with sales that increased by 25%. Deferred tax on operations outside tax holiday resulted in the increase in other non-current liabilities.

GROUP CHIEF FINANCIAL OFFICER'S REVIEW

Current liabilities increased by ₦144.2B mainly due to exchange losses arising on restating liabilities denominated in foreign currency.

The Group generated cash of ₦243.9B before changes in working capital. After a ₦35.8B change in working capital and tax payments of ₦1.1B, the net cash flow from operations was ₦278.6B. Financing outflows of ₦93.9B (2015: ₦117.5B) reflected loans taken of ₦343.1B, loans repaid of ₦262.2B, interest paid of ₦39.0B and a dividend payment of ₦136.3B. Cash and cash equivalents (net of bank overdrafts used for cash management purposes) increased from ₦37.8B at the end of 2015 to ₦109.4B at 31st December 2016.

Capital Expenditure by Region

	Nigeria ₦m	Pan-Africa ₦m	Total ₦m
Nigeria	62,895	-	62,895
Senegal	-	4,653	4,653
Cameroon	-	6,106	6,106
Congo	-	23,455	23,455
Ghana	-	19,308	19,308
Cote d'Ivoire	-	670	670
Sierra Leone	-	1,896	1,896
South Africa	-	1,050	1,050
Ethiopia	-	10,737	10,737
Tanzania	-	1,292	1,292
Zambia	-	4,090	4,090
Other	-	16	16
Total	**62,895**	**73,273**	**136,168**

Capital expenditure was mainly to improve our energy efficiency in Nigeria, for expenditure on plants under construction in the various African countries and for growth.

Recommended dividend

On 24th February 2017, the Directors recommended an increased dividend of ₦8.5 per share (2015: ₦8.0) for approval at the Annual General Meeting scheduled for 24th May 2017. This will result in a total dividend payment of ₦144.8B. The dividend represents a payout ratio of 74.9%.

Going Concern

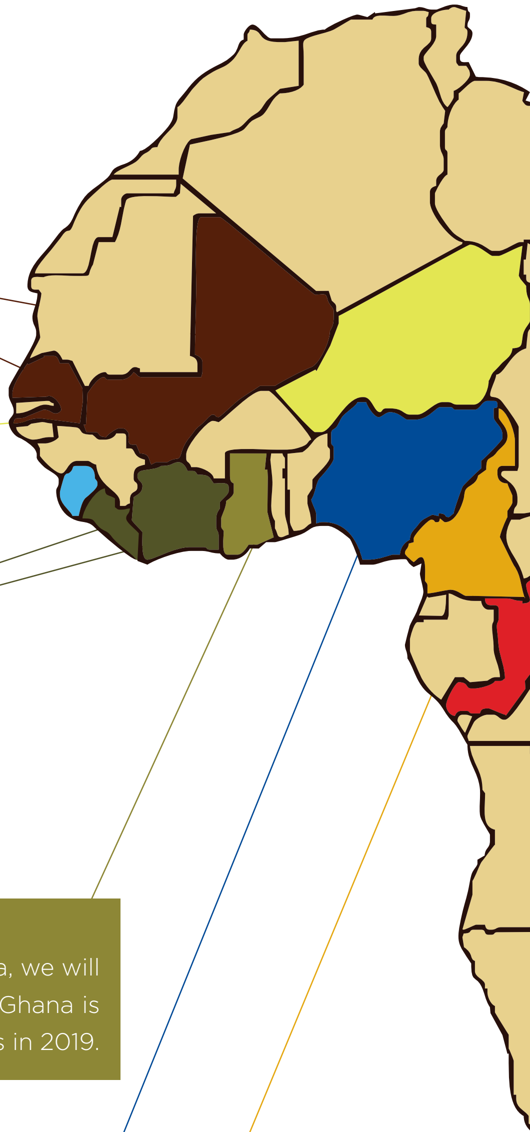
The Directors continue to apply the Going Concern principle in the preparation of the Financial Statements. After considering the liquidity position and the availability of resources, the Directors concluded that there are no significant threats to the Group's Going Concern capabilities. The Group generates sufficient cash flows to fund its operations. Borrowings are mainly to fund the expansion projects in various African countries as well as improve production and distribution efficiency in our core Nigeria operations.

Brian Egan.

Brian Egan
Group Chief Financial Officer

Movement in net debt	Cash ₦m	Debt ₦m	Net debt ₦m
As at 1st January 2016	40,792	(244,969)	(204,177)
Cash from operations before working capital changes	243,865		243,865
Change in working capital	35,857		35,857
Income tax paid	(1,128)		(1,128)
Additions to fixed assets	(136,168)		(136,168)
Non-current prepayments & suppliers' credit	17,327		17,327
Other investing activities	(745)		(745)
Net interest	(36,367)		(36,367)
Net loans obtained (repaid)	84,176	(84,176)	-
Dividend paid	(136,324)		(136,324)
Other cash and non-cash movements (net)	4,408	(27,320)	(22,912)
As at 31 December, 2016	**115,693**	**(356,465)**	**240,772**

OUR PLANS FOR THE FUTURE



Senegal & Mali
To capitalise on our success in Senegal we plan to extend the plant by adding a second line so that we can produce clinker to export to Mali, where we will establish a 1.5Mta clinker grinding plant to serve local markets.

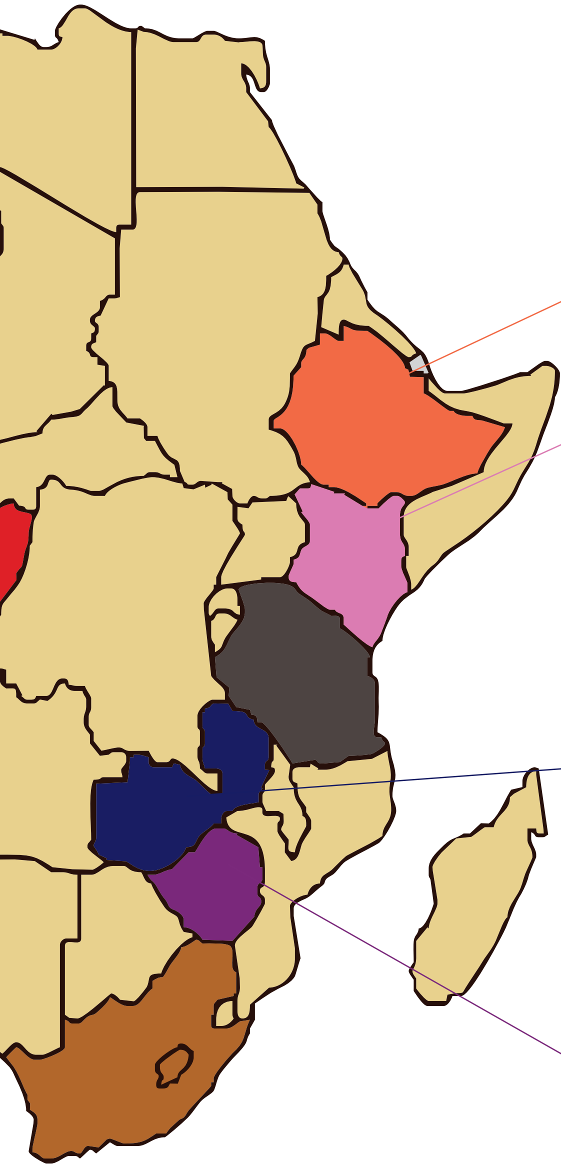
Niger
We intend to establish a 1.5Mta integrated plant in Niger, which has ample deposits of limestone. Along with plants in Mali and Kenya, this will be a priority market for our expansion plans.

Liberia & Côte d'Ivoire
As both countries lack limestone, we plan to build clinker grinding facilities in Monrovia, Liberia (0.5Mta) and in Abidjan, Côte d'Ivoire (3.0Mta), which we plan to open in 2019. We hope to supply them with clinker from Nigeria.

Ghana
In addition to the 1.0Mta import and bagging facility we have at Tema, in Ghana, we will build a 1.5Mta clinker grinding plant, in Takoradi, to capitalise on the fact that Ghana is likely to enforce a ban on the importation of bulk cement. We plan to open this in 2019.

Nigeria
We plan to build new factories at Okpella, in Edo State, and Itori, in Ogun State. These are likley to be 3.0Mta to 6.0Mta in size and will begin construction from late 2017 or beyond. In addition, we will build terminal facilities on the coast so that we can export clinker to West Africa.

Cameroon
We intend to double the size of our presence in Cameroon, most likely by building a second 1.5Mta facility to augment the similar-sized factory already operating in Douala.



Ethiopia

We plan to double the size of our 2.5Mta plant in Mugher to serve Ethiopia's expanding cement market from this ideally situated plant, just 90km from Addis Ababa, Ethiopia's main centre of demand.

Kenya

Kenya is high on our priorities and we plan to build two plants of 1.5Mta each, near Nairobi and Mombasa, to serve the local market. We hope to be operational in Kenya by 2020/21.

Zambia

Zambia represents an attractive long-term market and we will eventually increase our presence there, either by extending our 1.5Mta plant in Ndola, or by building a second plant of similar size near the capital, Lusaka.

Zimbabwe

Zimbabwe is a market that has potential in the longer term and so is a lower priority for us than some other African countries, where we can capitalise on growth in the nearer term. However, we are likely to build a 1.5Mta plant there to open by 2023.

Nepal

Given the difficulty in obtaining foreign currency to fund our expansion, it is likely that our plans to open in Nepal will be delayed by some years. However, we remain committed to establishing a manufacturing base in what is potentially an exciting growth market.

Corporate Governance

CORPORATE GOVERNANCE REPORT

"As Nigeria's largest listed company we are committed to strong corporate governance."

Dear Shareholders,

I am pleased to present the Corporate Governance Report for 2016. In this report I will describe our system of governance, how our Board applies the Securities and Exchange Commission's Code of Corporate Governance for Public Companies in Nigeria ("the SEC Code"), and the consistency of our governance practices with codes of corporate governance applicable in other jurisdictions.

It is Dangote Cement's objective to be Africa's leading producer of cement, respected for the quality of our products and services and for the way we conduct our business, while delivering strong returns for our shareholders. Our approach to business success is based on the belief that there is a link between good corporate governance and creation of long-term shareholder value. We believe that strong governance is an essential foundation upon which to build our company, to enable and execute our growth strategy and thereby deliver better products and services to our customers. This is how we create and increase shareholder value.

As the largest public company in Nigeria and one of only three companies with a Premium Listing on the Nigerian Stock Exchange, we are committed to implementing strong corporate governance through structures and policies that are consistent with international best practices and which ensure we comply with all relevant laws and regulations in Nigeria and the other countries in which we operate.

Our governance policies and practices are designed to ensure that our business is conducted in a fair, honest and transparent manner that conforms to the highest ethical standards, enables us to build strong relationships with customers and suppliers, ensures the welfare of all our employees, takes care of our environment and gives us the opportunity and resources to implement a commendable programme of social investment for the good of the communities in which we operate.

At the heart of our corporate governance framework is our Board of Directors, which is responsible for the efficient execution of corporate strategy based upon sound principles of corporate governance. As Chairman of the Board, it is my responsibility to ensure its effective operation both directly and through its committees.

CORPORATE GOVERNANCE REPORT

The Board is clear on its role and responsibilities, which have been documented in the Company's Charter. The Board is accountable for the Company's activities, strategy, risk management and financial performance as well as the Company's system of corporate governance.

The Board sets the strategic objectives for the Company, determines investment policies, agrees on performance criteria and delegates to management the detailed planning and implementation of those objectives and policies in accordance with appropriate risk parameters.

The Board also monitors compliance with policies and achievement against objectives by holding management accountable for its activities through monthly and quarterly performance reporting and forecast updates.

In addition, the Board receives regular presentations enabling it to explore specific issues and developments in greater detail. The Board also obtains periodic assurance on the integrity of the Company's financial and internal control policies, while seeking to institute better structures.

The Board Charter sets out guidelines on Board composition, meeting procedures and guidelines on how the Board is to manage its affairs.

The Company also sets aside matters that are dealt with exclusively by the Board. These include approval of financial statements, the Company's business strategy, the annual capital expenditure plan, major capital projects, major changes to the Company's management and control structure, material investments or disposals, risk management strategy, social and environmental policies and treasury policies.

Board composition, roles and responsibilities

The Board is composed of 13 people with skills in manufacturing, finance, engineering, business and law. Between them, they bring a wealth of experience to bear on providing strategic direction for the Company and ensuring its business goals are achieved.

As the Chairman of the Board, I am responsible for overall operation and governance of the Board. I manage the business of the Board and set its agenda in consultation with the Group Chief Executive Officer and the Company Secretary, with contributions from other Board members. I also ensure that agendas strike the right balance between performance and strategic matters. I facilitate and encourage active engagement of Directors, particularly on matters of risk and strategy or other major proposals, by drawing on their skills, knowledge and experience.

The positions of the Chairman and Group Chief Executive Officer are separate and held by different individuals in line with Section 5.1 (b) of the SEC Code and A.2.1 of the UK Code of Corporate Governance (UK Code). Onne van der Weijde is the Group Chief Executive Officer and is responsible for the execution of strategy and the day-to-day management of the Group, supported by the Executive Committee (ExCo), which he chairs.

The Board comprises myself, Onne van der Weijde and 11 Non-Executive Directors who are independent of management. The Board considers that the Non-Executive Directors provide good corporate governance for the Company as they effectively and constructively challenge and monitor the success of management in delivering the agreed strategy within the risk appetite and control framework set by the Board. Of the Non-Executive Directors, four are considered as Independent Non-Executive Directors, exceeding the minimum number of Independent Non-Executive Directors required by the SEC Code.

Between them, the Non-Executive Directors bring a wide range of international experience and expertise to the Board.

They each occupy or have occupied senior positions in industry, finance or public life and consequently contribute significantly to the Board's decision making. We consider that the Board size of 13 Directors is appropriate for the current requirements of the business in line with Section 4 of the SEC Code which is consistent with the UK Code (provision B.1).

We believe that the overall composition of the Board is appropriate, except for the ongoing need to improve gender diversity. This conclusion has been reached having regard to the independence of character and the integrity of our Directors, the collective experience, balance of skills and knowledge they bring to bear in fulfilling their duties.

The Board has assessed the independence of the Non-Executive Directors against the criteria set out in the SEC Code and has concluded that they are all independent in character and judgement. Their independent status is also consistent with the UK Code (provision B.1.1). The Board reviews the independent status of the Independent Non-Executive Directors on an annual basis, in line with the independence requirements set out in the SEC Code of Corporate Governance.

The Independent Non-Executive Directors have consistently provided unbiased and independent views to the Board and ensured that minority shareholders' interests are protected. They have continually contributed to the overall quality and effectiveness of the Board by providing objective inputs to strategic issues and decision making, while ensuring compliance with applicable statutory rules and regulations.

The Company Secretary

The Board is supported by Mahmud Kazaure, the General Counsel and Company Secretary and Ityoyila Ukpi, Deputy Company Secretary. They provide support, governance advice and detailed guidance to Directors on their duties, responsibilities and powers. They ensure that all procedures and regulations necessary for the conduct of the affairs of the Board are complied with. The Company Secretary also acts as Secretary to all the Committees and he and the Deputy Company Secretary attended all meetings during the year under review.

Board Committees

The Board governs the Company through the operation of numerous Board Committees, accompanied by monitoring and reporting systems. Each Board Committee has specific written terms of reference issued by the Board. The terms of reference of Committees are available on our website.

All Committee Chairmen report on the proceedings of their Committee meetings at subsequent meetings of the Board. The reports of the Board Committee meetings are included in the papers distributed to Board members in advance of the next Board meeting.

As at 24th February 2017, the Board has five Committees: Finance and General Purpose Committee; Audit, Compliance and Risk Management Committee; Remuneration and Governance Committee; Nomination Committee; and Technical and Operations Committee. Please see pages 98-128 for details on the roles, responsibilities and activities of these Committees.

Delegation to management

The Board delegates responsibility for implementing the Company's strategy and for managing the Group to the Group Chief Executive Officer, who is supported by the Executive Committee, which he chairs. The names and profiles of the Executive Management team can be found on pages 16-19.

Board appointments and re-election of Directors

The Board aims to achieve a balance of experience, knowledge and skills amongst its Directors. The Board, through the Nomination Committee, follows a formal, rigorous, and transparent procedure to select and appoint new directors. The Nominations Committee leads the process in accordance with the Board's appointment policy, utilising defined Board membership criteria while taking into cognizance, the existing skills, knowledge and experience of Directors on the Board as well as those of the nominee, including other attributes necessary for the prospective role.

When considering the appointment of a new Director, the Board also takes cognizance of current directorships on other Boards so as to avoid potential conflict of interest and ensure that Directors will be able to dedicate the appropriate time and attention to the Company. The Appointment Policy of the Board is in line with Section 13.1 of the SEC Code and consistent with provision B.2 of the UK Code.

CORPORATE GOVERNANCE REPORT

Upon appointment, a new Director is issued a letter of appointment that sets out the expected time commitment, tenure, role, responsibilities and powers of the Director. This practice is consistent with provision B.4 of the UK Code.

The Board recognises the need to reinforce its effectiveness by injecting new energy, fresh ideas and perspectives. It has defined a Tenure Policy in line with Section 19 & 20 of the SEC Code. A summary of the Tenure Policy is presented below:

Executive Director: An initial term of three years with additional terms of three years each, subject to satisfactory performance and a retirement age of 65 years.

Non-Executive Director: An initial term of three years with additional terms of three years each, subject to satisfactory performance.

Independent Non-Executive Director: An initial term of three years with additional terms of three years each, subject to satisfactory performance.

Non-Executive Directors who are 70 or more years old are disclosed to shareholders at Annual General Meetings in line with section 256 of the Companies and Allied Matters Act, CAP C20, LFN 2004 (CAMA).

All Directors are required to retire by rotation and stand for re-appointment at least every three years in compliance with CAMA provisions and Section 19 of the SEC Code. At the 2017 AGM, on 24th May 2017, Sani Dangote, Fidelis Madavo, Douraid Zaghouani and Abdu Dantata retired by rotation and were presented for re-election to the Board. The re-election of these Directors was ratified by the Shareholders.

Appointment of Dorothy Ufot, SAN

As I have previously mentioned, our Board lacks gender diversity, a point noted by a review of the Board in 2015. I am pleased to report that on 19th April 2016, Mrs. Dorothy Udeme Ufot, SAN, was appointed as an Independent Non-Executive Director and our first female director.

Mrs. Ufot is one of Nigeria's most experienced legal practitioners and an internationally recognised expert in commercial dispute arbitration, particularly in the area of international arbitration.

She has more than 26 years' experience in commercial litigation at trial and appellate levels, having been admitted to the Nigerian Bar in 1989 and then admitted to the Inner Bar as a Senior Advocate of Nigeria (SAN) in April 2009. She also qualified as a Chartered Arbitrator at the Chartered Institute of Arbitrators, London, in 2003.

Dorothy has served as a Non-Executive Director of several well-known companies including: Chevron Oil, Nigeria, PLC; MRS Oil, Nigeria, PLC, and SO&U Ltd, a leading advertising and media relations company. She is the founder and Managing Partner of Dorothy Ufot & Co, a firm of legal practitioners and Arbitrators, which she established in 1994.

Director induction & development

As Chairman, I am responsible for ensuring that induction and training programmes are provided for Directors based on training needs and gaps identified in consultation with the Director. They are also expected to take responsibility for identifying their individual needs and to take steps to ensure that they are adequately informed about the Group and their responsibilities as Directors.

The Board has established an Induction & Training Policy for Directors in line with Section 18 of the SEC Code and United Kingdom's Code of Corporate Governance (provision B.4), and Directors receive periodic training and induction. On 13th May 2016, an induction program was conducted to on-board Dorothy Ufot, in line with this policy.

During the year, the Board also arranged briefings and a Board retreat to assist the Directors in effectively discharging their duties to the Company. Directors also attended professional continuing education programmes at the Institute of Directors and the Nigerian Stock Exchange to refresh and update their knowledge of business operations and best practices.

CORPORATE GOVERNANCE REPORT

The Board is confident that all its members have the knowledge, ability and experience to perform the functions required of a Director of a listed company.

Board and Committee meetings

Board and Committee meetings are held in an atmosphere of intellectual honesty of purpose, integrity and mutual respect, requiring reporting of high standards by management and direct, robust and constructive challenge and debate among the Company's Directors.

Meeting dates for Board and Committee meetings are agreed in advance for proper planning and scheduling. Notices of meetings are sent to Directors at least 14 days before the meeting and Board papers are sent for consideration by Directors at least a week before the meeting date, in line with Section 266 of CAMA and the UK Code (provision E.2.4).

Working with the Company Secretary, I developed an Annual Agenda Plan to assist the Board and its Committees in discharging their roles and responsibilities in line with their charters. This Annual Agenda Plan is a guide to specify the minimum agenda items to be considered by the Board and its Committees at various meetings during the year.

Board meetings were well attended with attendance of all Directors exceeding two-thirds as required by Section 12.2 of the SEC Code. Details of Directors' attendance at Board and Committee meetings are given below.

Key activities of the Board in 2016

The Board met six times during the year and at least once every quarter in line with Section 12.1 of the SEC Code. Details of Directors and their attendance at Board meetings is shown below.

Director	Appointed	Board meeting attendance 19/01/16	29/02/16	19/04/16	27/07/16	26/10/16	12/12/16
Aliko Dangote Chairman	4th November 2002	✔	✔	✔	✔	✔	✔
Onne van der Weijde Group Chief Executive	2nd February 2015	✔	✔	✔	✔	✔	✔
Olakunle Alake Non-Executive Director	22nd July 2005	✔	✔	✔	✔	✔	✔
Sani Dangote Non-Executive Director	22nd July 2005	✔	✔	✔	✔	✔	✔
Abdu Dantata Non-Executive Director	22nd July 2005	✔	✔	✔	✔	✔	✔
Ernest Ebi Independent Non-Executive Director	30th January 2014	✔	✔	✔	✔	✔	✔
Devakumar Edwin Non-Executive Director	22nd July 2005	✔	✔	✔	✔	✔	✔
Emmanuel Ikazoboh Independent Non-Executive Director	30th January 2014	✔	✔	✔	✔	✔	✔
Fidelis Madavo Non-Executive Director	30th July 2014	✔	✔	✔	✔	✔	-
Joseph Makoju Non-Executive Director	2nd December 2010	✔	✔	✔	✔	✔	✔
Olusegun Olusanya Independent Non-Executive Director	2nd December 2010	✔	✔	✔	✔	✔	✔
Dorothy Ufot * Independent Non-Executive Director	19th April 2016	-	-	✔	✔	✔	✔
Douraid Zaghouani Non-Executive Director	29th April 2015	✔	✔	✔	✔	✔	✔

* Dorothy Ufot was appointed on 19th April, 2016

CORPORATE GOVERNANCE REPORT

Key matters discussed by the Board in 2016 include:

Key matters considered	Board actions
Board appointments	During the year the Board considered the nomination and appointment of Dorothy Ufot, SAN, as an Independent Non-Executive Director. She became the Company's first female Director in April 2016.
Capital structure and financing of DCP subsidiaries	The Board reviewed the capital structure of its subsidiaries during the year. This also covered investment requirements for new projects, working capital position, financing requirements and dividend payments. The Board received regular updates on these areas in each of its meetings.
Reports of the Board Committees	Each Board Committee presented reports on its activities and in areas of its responsibilities and made recommendations for consideration and approval.
Internal Audit	The Board approved the revised Internal Audit structure for the Company and also approved the resourcing of key Internal Audit positions on the recommendation of the Board Audit and Risk Management Committee. The Board also approved the Internal Audit Plan recommended by the Audit and Risk Management Committee and received updates on the committee's review of the internal audit reports.
Risk management	The Enterprise Risk Management framework was enhanced during the year. The documentation of the risk policies were improved and the Risk Management function assisted the Board in identifying key risks facing the business as well as strategies for mitigating and addressing the risks. The Risk Management function also provided updates to the Board through the Board Audit and Risk Management Committee on the key risks.
Financial reports	The Board considered quarterly financial reports during the April, July and October meetings. The Board also reviewed and approved the audited financial statements during its March meeting, where it also deliberated on the dividend to be proposed to shareholders for approval during the April Annual General Meeting. It reviewed and approved the 2016 Budget during its December meeting.
Strategy update and report on business and projects	The Board receives regular updates from the Board Finance and General Purpose Committee on the status of the achievement of 2015 plans during its meetings. The Group CEO also provides status of ongoing projects across the continent, including operational performance of each country. In addition, the Board organised a retreat during the year to consider corporate strategy.
Related-party transactions	During our meetings in 2016, the Company Secretary presented the Register of Directors' Interest to members of the Board for review and updates. Transactions with related parties are disclosed below.

Conflicts of Interest and Related-Party Transactions

The Board maintains robust procedures to ensure that related party transactions and potential conflict of interests are identified, disclosed and managed. These procedures include declaration interests in other businesses by Directors on appointment to the Board and annual self-certification by Directors.

Where it is identified that a related-party relationship exists, the Board agrees specific additional procedures to ensure the effective management of potential conflicts of interest. These procedures have been documented in our Conflict of Interest Policy which is in line with Section 16 of the SEC Code.

The Board also receives a quarterly Related-Party Transaction Report showing transactions that have been authorised during the period under review and those proposed for review by the Board. A summary of the related-party transactions during the year is disclosed below:

AG Dangote Construction Limited

The entity buys cement from Dangote Cement and is controlled by Dangote Industries Limited (DIL).

Amaras Nigeria Limited

The entity buys cement from Dangote Cement and the entity is guaranteed by Sani Dangote, a Director of Dangote Cement.

Bulk Commodities International Inc./Bulk Commodities International Dubai

The entity, which is controlled by DIL, purchases gypsum, coal, clinker, bulk cement and importation of spare parts on behalf of Dangote Cement.

DANCOM Technologies Limited

The entity, which is controlled by DIL, provides internet services, and IT support to Dangote Cement.

Dangote AD Star Limited

Dangote Cement purchases LPFO in bulk and on behalf of some subsidiaries/affiliates of DIL, including this entity. Dangote Cement is reimbursed for expenses incurred on behalf of this entity.

Dangote Agro Sacks Limited

Dangote Agro Sacks produces bags for Dangote Cement and also purchased cement from the Company during the year. Dangote Cement also shares one of its power plants with this entity.

Dangote Coal Limited

Dangote Cement buys coal from this entity, which is controlled by Dangote Industries Limited.

Dangote Fertilizer Limited

Dangote Cement purchases LPFO and AGO in bulk and on behalf of some subsidiaries/affiliates of DIL, including this entity. Dangote Cement is reimbursed for expenses incurred on behalf of this entity.

Dangote Flour Mills Plc

Dangote Cement purchases AGO in bulk and on behalf of this entity. Dangote Cement also purchases trucks on behalf of this entity for which it is reimbursed.

Dangote Global Services

This entity which is controlled by DIL, assists Dangote Cement in importing spare parts.

Dangote Industries Limited

Dangote Industries Limited is the major shareholder of Dangote Cement. It provides short term financing and manages Dangote Cement expatriates' salaries and receives management fees for its services.

Dangote Noodles Limited

Dangote Cement purchases AGO in bulk and on behalf of some subsidiaries and affiliates of DIL, including this entity. Dangote Cement is reimbursed for expenses incurred on behalf of this entity.

Dangote Oil and Gas

This entity, which is controlled by DIL, imports AGO and LPFO on behalf of Dangote Cement.

Dangote Oil Refinery

Dangote Cement is reimbursed for expenses incurred on behalf of this entity, which is an affiliate of Dangote Industries Limited.

CORPORATE GOVERNANCE REPORT

Dangote Pasta Limited
Dangote Cement purchases LPFO in bulk and on behalf of some subsidiaries/affiliates of DIL, including this entity. Dangote Cement is reimbursed for expenses incurred on behalf of this entity.

Dangote Sugar Refinery Plc.
Dangote Cement purchases LPFO in bulk and on behalf of some subsidiaries/affiliates of DIL, including this entity. Dangote Cement is reimbursed for expenses incurred on behalf of this entity.

DANSA Foods Limited
Dangote Cement purchased products from this entity for sales promotion. The entity is related to Sani Dangote, a Director of Dangote Cement.

Ecobank
The bank provides loans and other banking services to Dangote Cement. Emmanuel Ikazoboh, an Independent Non-Executive Director of Dangote Cement, is also the Chairman of Ecobank.

Fidelity Bank
The bank provides loans and other banking services to Dangote Cement. Ernest Ebi, an Independent Non-Executive Director of Dangote Cement, is also the Chairman of Fidelity Bank.

Greenview Development Nigeria Limited
This entity, which is controlled by DIL, assists with clearing of bulk materials, imported capital goods and spares.

Greenview International Limited
This entity manages the Dangote Industries brand and receives royalties from entities trading or operating with the Dangote brand. It is controlled by DIL.

Integrated Steel Limited
Dangote Cement purchases AGO in bulk and on behalf of some subsidiaries/affiliates of DIL, including this entity. Dangote Cement is reimbursed for expenses incurred its behalf.

Kura Holdings
This company, which is an affiliate of Dangote Industries, provides travel agency services to Dangote Cement.

MHF Properties
This company, which is an affiliate of Dangote Industries, provides accommodation and property services to Dangote Cement.

NASCON Allied Industries
Dangote Cement purchases AGO in bulk and on behalf of some subsidiaries/affiliates of DIL, including this entity. In addition, DCO purchases trucks and earthen salt on behalf of this entity for which it is reimbursed.

Savannah Sugar
Dangote Cement is reimbursed for payments for duties on equipment and terminal charges on behalf of this entity. The entity is controlled by Dangote Sugar.

SIAO
The entity provides accounting and professional services to Dangote Cement. The entity is related to Robert Odiachi, who is the Chairman of the Statutory Audit Committee.

Review of Governance Framework and Policy Formulation
The Board ensures ongoing review of the Company's Governance Framework, to ensure that:

- Dangote Cement's governance practices accurately reflect recent changes to the business and its structure
- The governance framework set out and reinforced the Company's values
- The risk and assurance processes are a robust and integral part of the governance framework
- The framework reflects best governance practices.

Further to these reviews, the Board approves the formulation of policies, which are in line with good governance and has taken cognizance of the regulatory and business environment.

As at 27th February 2017, Dangote Cement has a total of 18 approved policies. They are as follows;

1. Anti-Bribery and Corruption Policy
This sets out the Group's anti-corruption policy and is part of the overall Anti-Fraud Compliance Programme. It aims to align with all relevant Acts, Codes, Laws, Guidelines, Policies, etc. designed to prevent, detect and respond to issues of corruption and bribery.

The Policy demonstrates the Company's zero tolerance for all forms of fraud including but not limited to bribery, corruption, asset misappropriation and financial statement fraud.

The Company has established a robust Anti-Fraud Programme that sets out the following:

- Anti-fraud awareness and communication strategies
- Fraud and corruption prevention mechanisms
- Fraud and corruption detection mechanisms
- Fraud response mechanisms
- Enforcement initiatives and sanction grid

In addition, we established an Anti-Fraud Management Committee to implement the Anti-Corruption Programme and to report fraud and misconduct-related issues to the Group CEO and the Board Audit, Compliance and Risk Management Committee.

2. Board Appointment Policy
This policy sets out the standards for the appointment of the Directors and aims to achieve a balance of experience, knowledge and skills amongst its Directors.

3. Board Development Policy
This Policy seeks to institutionalize training and continuous development of the Directors of Dangote Cement.

4. Board Evaluation Policy
This policy provides a systematic and ongoing method of assisting Board members in the assessment of the Board's scope of operation, responsibilities and effectiveness.

5. Board Remuneration Policy
This policy reflects the Group's desire to sustain long-term value creation for shareholders, and aims to attract and retain people with integrity, ability, skill and experience to deliver the Group's strategy.

6. Communication Governance Policy
This establishes guidelines for communication of general and price-sensitive information about the Company to the investors, the media, the public and other stakeholders in line with regulatory requirements, if they apply to such communication.

7. Conflict of Interest/Related Party Transaction Policy
This Policy provides a framework for the Board to proactively identify, disclose and manage actual and perceived conflict of interest.

8. Directors Code of Conduct Policy
The Board has adopted a Code of Conduct Policy for Directors. This sets out the standards that each Director is expected to adhere to while conducting his/her fiduciary duties. This Code is intended to focus the Board and each Director on areas of ethical risk, provide guidance to Directors to help them recognize and deal with ethical issues, provide mechanisms to report unethical conduct and help foster a culture of honesty and accountability on the Board.

Directors are expected to adhere to this Code while conducting their fiduciary duties. During the year, all Directors attested to their compliance with the provisions of this Code.

9. Insider Trading Policy
Dangote Cement is guided by a strong commitment to maintain the integrity of its business dealings. The Board has established an Insider Trading Policy designed to prohibit the purchase and sale of Dangote Cement shares or securities on the basis of potentially price-sensitive information that is not yet in the public domain. This is in line with Section 315 of the Investment and Securities Act (ISA) 2007 and the SEC Rules and Regulations.

CORPORATE GOVERNANCE REPORT

The Insider Trading Policy provides Directors, Officers and employees of Dangote Cement with guidelines regarding trading in shares or securities of the Company. The Company issues a 'close period' notification to all relevant staff, Directors and entities at least two weeks prior to the anticipated date of a Board meeting where non-public information or other information capable of impacting the shares or securities of the Company is to be discussed. This close period lapses 24 hours after the information is made public in line with the Nigerian Stock Exchange (NSE) rules. Having enquired, I can confirm that all our Directors complied with this Policy during the close periods throughout the year.

10. Board Reporting Framework

This provides guidance on information to be provided by senior management to Board and Board Committees to aid the discharging of their roles and responsibilities in line with their respective charters and leading practices, throughout the course of the year.

11. Annual Agenda Cycle

This represents the minimum agenda to be considered by the Board and Board Committees at any point in time during the year considering the current information needs of the Board. Additional matters requiring the Board's attention may be added during the year.

12. Board Tenure Policy

This outlines the criteria for ensuring the periodic rotation and appointment of Board members in order to retain valuable skills, maintain continuity of knowledge and experience and introduce people with new ideas and expertise.

13. Group Executive Committee Charter

This Charter governs the operations of the Group Executive Committee ("ExCo") of Dangote Cement Plc.

14. Subsidiary Governance Framework

This articulates the structures, policies and processes that will assist DCP's Board of Directors in the governance and control of its Subsidiary Companies with the goal of enhancing its shareholder value and achieving DCP's vision, strategic objectives and business goals.

15. Succession Planning Policy

This policy describes the process of identifying, assessing and developing successors for critical positions in DCP or the Group.

The focus of this policy is to ensure that highly qualified people are available to fill vacancies at Executive Management level within the Group, as and when needed, in order to avoid creation of vacuums or making hasty decisions in filling the vacancies, should they arise.

16. Complaints Management Policy

This Policy has been designed in line with the requirements of the SEC'S Rules Relating to the Complaints Management Framework of the Nigerian Capital Market. It defines a transparent procedure for receiving, responding, monitoring and resolving complaints and enquiries from shareholders of DCP in a timely and efficient manner.

The policy enables shareholders of Dangote Cement to direct any complaints or enquiries to the Registrar (United Securities Limited, 10, Amodu Ojikutu Street, Victoria Island, Lagos, Nigeria; customercare@unitedsecuritieslimited.com) or to the Company Secretary (Dangote Cement Plc, Union Marble House, 1 Alfred Rewane Road, Ikoyi, Lagos (complaintsmanagement@dangote.com), depending on the nature of complaint.

It is our policy to acknowledge complaints within 24 hours of receipt and communicate the final resolution to the complainant within ten business days of receiving the complaint.

17. Executive Management Remuneration Framework

This policy seeks to create a strong link between performance and reward by providing a variable/at risk element of executive remuneration that focuses on performance over a period of one year. It is a transparent procedure to encourage and stimulate enhanced performance among senior executives in a way that will increase the profitability and sustainability of the Company in both the short and long term.

18. Whistle Blowing Policy

At Dangote Cement, we continually strive to create a work environment where employees, contract workers, vendors, service providers, customers and other stakeholders have the opportunity to make confidential disclosures on misconduct, irregularities or malpractice, without fear of harassment and/or victimisation and with the assurance that their concerns will be taken seriously, investigated, and appropriate action will be taken.

In line with Section 32 of the SEC Code and international best practice in Corporate Governance, the Board has established a Whistle Blowing Policy to enable staff, in confidence, to raise concerns about possible improprieties in financial and other matters and to do so without fear of reprisal, provided that such concerns are raised in good faith.

Employees and other stakeholders are encouraged to report incidents of misconduct in a confidential and anonymous manner through the internal reporting channels (i.e. Line Manager, Head of Department, and Group CEO) and/or the outsourced KPMG Ethics Line.

The Board subscribed to the KPMG Ethics Line to strengthen confidence in our Whistle Blowing Policy. The KPMG Ethics Line contact details are: 0703 000 0026, 0703 000 0027, 0808 822 8888, 0708 060 1222, 0809 993 6366 or email kpmgethicsline@ng.kpmg.com.

The Board has delegated oversight over whistle blowing to the Audit, Compliance and Risk Management Committee. All matters reported are investigated and reported to the Committee including the action taken.

Statistics on the volume and general nature of all disclosures made are periodically reported to the Committee, which has the power to request further information, conduct its own inquiries or order additional action as it sees fit.

Shareholder engagement

As a Premium-listed company on the Nigerian Stock Exchange, our Board attaches considerable importance to open dialogue and constructive relationships with shareholders and other stakeholders. We believe it is vital to set the highest standards of investor engagement and maintain an open and continuous dialogue with our shareholders and potential investors.

We have a dedicated Investor Relations team that reports to the Group Chief Financial Officer. The Investor Relations team is responsible for building and maintaining long-term relationships with institutional investors and equity research analysts, as well as with private investors. The Investor Relations team also provides feedback to the Board and Senior Executives on how the market perceives the Company.

Extensive communication with investors and analysts was conducted throughout 2016 through quarterly results calls, one to one meetings, group meetings and several investor conferences held in in Lagos, London and New York. In addition, we undertook investor roadshows to meet fund managers in New York, Boston, Washington, Paris, Frankfurt and London, all of which are major financial centres.

Overall, we met with fund managers and analysts on more than 250 occasions during 2016. We also hosted a number of investor visits to our plants in Nigeria, Ethiopia and South Africa. As Chairman, I also had occasional meetings with institutional investors to discuss matters of mutual interest including corporate strategy and our developments in corporate governance.

During the year we launched a new website at www.dangotecement.com and it contains extensive information about the Company, as well as details on how to apply for jobs or distributorships.

Policies on market communication have been documented in our Communication Governance Policy, which is available on our website.

The Policy has established guidelines for releasing material information to the Nigerian Stock Exchange, the general public, media, customers, bondholders, potential investors, and other stakeholders.

CORPORATE GOVERNANCE REPORT

Our ongoing shareholder engagement practices follow provision E.1 of the UK Corporate Governance Code to ensure regular and satisfactory dialogue with shareholders based on mutual understanding of objectives.

Annual General Meeting

The Annual General Meeting of the Company is the principal opportunity for the Board to meet investors and for me, as the Chairman, to explain the Company's progress and to answer questions about the Company from shareholders. We encourage shareholders to take advantage of this opportunity.

The Notice of Annual General Meeting is dispatched to all our shareholders, together with explanatory notes or a circular on items of special business, at least 21 working days before the Annual General Meeting is held.

It is the Company's practice to propose separate resolutions on each substantially separate issue, including a resolution relating to the Report and Accounts.

The Board and senior management team of the Company are available for discussions with shareholders before the Annual General Meeting. The Chairmen of the Committees and myself are also available to answer shareholders' questions during formal proceedings of the Annual General Meeting.

The Annual General Meeting to discuss this 2016 Annual Report will be held at the Civic Centre, Victoria Island, Lagos, at 11.00 on 24th May 2017.

In last year's Annual Report I said that I believed we had entered a new phase in the evolution of our corporate governance practices and structures, which would propel Dangote Cement into a higher level of performance and growth. I hope you will agree we took many positive steps to further improve our governance in 2016 and I hope the following pages, which outline the work of our Committees during the year, will be interesting and informative to you as owners of the Company.

Aliko Dangote GCON
Chairman

BOARD & COMMITTEE STRUCTURE

Board of Directors

Chairman
Group Chief Executive
8 Non-Executive Directors (NED)
4 Independent Non-Executive Directors (INED)

Finance & General Purpose Committee (5 NED, 3 INED)

To oversee the Group's financial reporting, capital and funding activities, acquisitions, investments and divestments as well as the external auditor's activities

Olusegun Olusanya (c)
Olakunle Alake
Sani Dangote
Ernest Ebi
Devakumar Edwin
Emmanuel Ikazoboh
Fidelis Madavo
Douraid Zaghouani

Audit, Compliance & Risk Management Committee (4 NED, 4 INED)

To oversee the Group's risk management, internal control systems, compliance procedures and the activities of the internal audit function.

Ernest Ebi (c)
Olakunle Alake
Sani Dangote
Devakumar Edwin
Emmanuel Ikazoboh
Fidelis Madavo
Olusegun Olusanya
Dorothy Ufot

Remuneration & Governance Committee (4 NED, 4 INED)

To formulate remuneration policies and levels, recommend remuneration of the Group CEO, senior executives and Directors to the Board. Assist the Board in adopting and implementing appropriate governance policies and procedures.

Emmanuel Ikazoboh (c)
Sani Dangote
Abdu Dantata
Devakumar Edwin
Ernest Ebi
Joseph Makoju
Olusegun Olusanya
Dorothy Ufot

Nomination Committee (1 NED, 3 INED)

To review the composition of the Board and plan for its progressive refreshing with regard to balance and structure as well as succession planning. Facilitate induction and mentorship programme for Directors.

Aliko Dangote (c)
Ernest Ebi
Emmanuel Ikazoboh
Fidelis Madavo
Olusegun Olusanya

Technical & Operations Committee (6 NED, 1 INED)

To oversee the Group's plant operations, projects, health & safety procedures, production standards and quality.

Fidelis Madavo (c)
Olakunle Alake
Abdu Dantata
Ernest Ebi
Devakumar Edwin
Joseph Makoju
Douraid Zaghouani

Statutory Audit Committee*

To ascertain whether the accounting and financial reporting policies are in line with required standards and review the effectiveness of the system of accounting and internal control. Oversee the internal and external audit function, including removal, appointment and remuneration of the external auditor.

Robert Ade-Odiachi (c)
Shareholder's Representative

Nicholas Nyamali
Shareholder's Representative

Sheriff Yussuf
Shareholder's Representative

Olakunle Alake — Director
Olusegun Olusanya — Director
Emmanuel Ikazoboh — Director

Group Executive Committee*

To exercise all power and authority delegated by the Board in the direction and management of the business

Onne van der Weijde (c)
Brian Egan
Anantharaman Vellore
Rao Kallepalli
Kashinath Bhairappa
Oare Ojeikere
Mahmud Kazaure
Juan-Carlos Rincon
Knut Ulvmoen
Emmanuel Imoagene
Oliver Obu

* Not a committee of the Board

BOARD OF DIRECTORS

Aliko Dangote, GCON

Chairman

Appointed: 4th November, 2002

Aliko is the founder of the Dangote Group of Companies, over which he presides as President and Chief Executive. He has been the Chairman of Dangote Cement since its formation and is also the Chairman of other listed companies owned by Dangote Industries. He is a seasoned entrepreneur and accomplished businessman whose exceptional vision, business acumen and insight were responsible for establishing the Company, and which continues to be of immense benefit to the Company and its Board. A graduate of Business Studies from the Al-Azhar University, Cairo, he started business in 1978 by trading in commodities, before entering into full-scale manufacturing. He is well known for his philanthropic involvement in local and international initiatives to improve healthcare.

Committees

Nomination (Chairman)

Onne van der Weijde

Group Chief Executive Officer

Appointed: 2nd February, 2015

Onne is a seasoned cement industry professional and joined Dangote Cement as Chief Executive Officer in February 2015. He brings with him a wealth of experience in the management of international businesses, having held many senior level positions during his 23 years in the cement industry, during which he worked at organisations including Holcim (Indonesia and India) and ACC Limited in India.

Prior to his appointment at Dangote Cement, he was the CEO of Ambuja Cements Limited in India, a 62Mta division of LafargeHolcim (previously Holcim). A Dutch Citizen, he holds a Bachelor's Degree in Economics and Accounting from the Hague University of Applied Sciences in the Netherlands and an MBA from the University of Bradford in the United Kingdom.

Olakunle Alake

Non-Executive Director

Appointed: 22nd July, 2005

Olakunle is Chief Operating Officer of Dangote Industries and is a key member of the Board of Dangote Cement. He was appointed to the Board of Dangote Industries as Executive Director in 2001 and has since been instrumental to the growth of the parent company and its subsidiaries. He holds a Bachelor's degree in Civil Engineering from Obafemi Awolowo University Ile-Ife (1983) and is a Fellow of the Institute of Chartered Accountants of Nigeria. He joined Dangote Industries in 1990, after six years at PWC. He has held several management positions in Dangote Industries, including Financial Controller and Head of Strategic Services.

Committees

Finance & General Purpose
Audit, Compliance & Risk Management
Technical & Operations
Statutory Audit

Sani Dangote

Non-Executive Director

Appointed: 22nd July, 2005

Sani is a businessman with more than 30 years experience in key sectors of the Nigerian economy including manufacturing, agriculture and oil services. He is the Vice President of Dangote Group and sits on the Board of several other companies. He is also the Deputy Chairman of African Gum Arabic Producers Association, a Fellow of the Nigeria Institute of Shipping and President of the Fertiliser Producers & Suppliers Association. He is a successful business entrepreneur with investments in key sectors of the Nigerian economy. As a result, he brings extensive manufacturing experience and deep knowledge of business operations to the Board.

Committees

Finance & General Purpose
Audit, Compliance & Risk Management
Remuneration & Governance

BOARD OF DIRECTORS

Abdu Dantata

Non-Executive Director
Appointed: 22nd July, 2005

Abdu is the Executive Director in charge of Logistics and Distribution for Dangote Industries Limited. He is the Executive Director, Sales & Marketing of Dangote Cement's parent company, Dangote Industries, a position he has held since the parent was established in Nigeria more than 20 years ago.

He is also the Chairman of Agad Nigeria Limited, a trading and transportation company operating throughout Nigeria. He is a fellow of the Nigerian Institute of Shipping. He brings his extensive experience in sales, logistics and distribution to the Board.

Committees
Remuneration & Governance
Technical & Operations

Ernest Ebi, MFR

Independent Non-Executive Director
Appointed: 30th January, 2014

Ernest brings 40 years of banking experience from various leadership positions in Nigeria, including Chairman, UNIC Insurance, Executive Director, Corporate Banking of African Continental Bank Plc, Deputy Managing Director and Chief Operating Officer of Diamond Bank Limited. From June 1999 to October 2009, He was Deputy Governor of the Central Bank of Nigeria, responsible for overseeing Nigeria's international economic relations, trade and exchange activities and the formulation of policies to manage Nigeria's external reserves. In November 2016 he was appointed Chairman of Fidelity Bank PLC.

Committees
Audit, Compliance & Risk Management (Chairman)
Finance & General Purpose, Nomination,
Technical & Operations
Remuneration & Governance

Devakumar Edwin

Non-Executive Director
Appointed: 22nd July, 2005

Devakumar was previously Chief Executive Officer of Dangote Cement, until he resigned as Group CEO on 31st January 2015. He remains as a Non-Executive Director on the Board and his expertise and counsel continue to be an asset to the Company and its Board. Following 14 years spent in industrial management in India, he joined Dangote Industries in 1992 and has since held several managerial positions within the Group. He has been instrumental in the Group's rapid growth and directly oversees its plant construction projects. He is a Chartered Engineer, holding Graduate and Master's degrees in Engineering from the Madras University.

Committees
Finance & General Purpose
Remuneration & Governance
Technical & Operations
Audit, Compliance & Risk Management

Emmanuel Ikazoboh

Independent Non-Executive Director
Appointed: 30th January, 2014

Emmanuel has more than 25 years' experience in senior management roles in Nigeria, Côte d'Ivoire, Cameroon and South Africa. He was the Managing Partner for Francophone offices in Cote d'Ivoire and Cameroon and later became the Managing Partner/ CEO of Deloitte West and Central Africa, until 2009. He was appointed by the Securities and Exchange Commission as Interim Administrator, to carry out capital market reforms of the Nigerian Stock Exchange and the Central Depository Company. He serves on several Boards as Chairman or Non-Executive Director.

Committees
Remuneration & Governance (Chairman)
Finance & General Purpose
Audit, Compliance & Risk Management
Nomination
Statutory Audit

BOARD OF DIRECTORS

Fidelis Madavo

Non-Executive Director
Appointed: 30th July, 2014

Fidelis is the Head of Resources and Portfolio Manager for Strategic and African Listed Investments at the Public Investment Corporation of South Africa (PIC), which is the nation's state pension fund and the largest fund in Sub-Saharan Africa. He represents the interests of shareholder PIC on the Board of Dangote Cement. Prior to joining PIC, he was Vice President in the Mining Team at Citigroup and a Mining Analyst for about four years with Investec Securities, both roles being based in Johannesburg. Before returning to South Africa, Fidelis spent 10 years with CRU International, a mining consultancy, and also worked as a metallurgist for Anglo American.

Committees
Technical & Operations (Chairman)
Finance & General Purpose
Audit, Compliance & Risk Management
Nomination

Joseph Makoju, OFR

Non-Executive Director
Appointed: 2nd December, 2010

Joseph was appointed to the Board of Dangote Cement in 2010. He has worked in several world-class corporations including Shell BP, Blue Circle (UK) and WAPCO (now Lafarge Africa), which he led as Managing Director/CEO for a decade before taking up the appointment as Managing Director/CEO of National Electric Power Authority. He also served as Special Adviser (Electric Power) to the President, Federal Republic of Nigeria, under two separate administrations. Engr. Majoku's rich engineering and cement industry experience, as well as his extensive managerial, governance and policy development experience are of immense benefit to the Company. He has a B.Sc. and an M.Phil in Mechanical Engineering.

Committees
Remuneration & Governance
Technical & Operations

Olusegun Olusanya

Independent Non-Executive Director
Appointed: 2nd December, 2010

Olusegun was appointed to the Board in 2010. He was Deputy General Manager, Finance and Strategic Planning at Savannah Bank Nigeria Plc, Executive Director at Afribank Nigeria Plc and Executive Director, Union Bank between 1993 and 1999. He was also Chairman of the National Bank of Nigeria Limited and sits on the board of several companies. An accomplished public official, banker and businessman, he is Vice Chairman of Meristem Securities Limited and Non-executive Director of Tripple Gee & Co Plc. He is an accountant with an M.Sc. in Economics & Finance from the L.S.E.

Committees
Finance & General Purpose (Chairman)
Audit, Compliance & Risk Management
Remuneration & Governance
Nomination
Statutory Audit

Dorothy Ufot, SAN

Independent Non-Executive Director
Appointed: 19th April 2016

Dorothy is the first woman to be appointed to the Board of Dangote Cement, in recognition of her vast experience in the field of commercial law. She has more than 26 years' experience in commercial litigation at trial and appellate levels, having been admitted to the Nigerian Bar in 1989 and then admitted to the Inner Bar as a Senior Advocate of Nigeria (SAN) in April 2009. She also qualified as a Chartered Arbitrator at the Chartered Institute of Arbitrators, London, in 2003. She is an internationally recognised expert in commercial dispute arbitration, and was appointed member of the International Chamber of Commerce's International Court of Arbitration, Paris, in 2006. She later became one of eight Global Vice-Presidents of the ICC Commission on Arbitration, in 2014.

Committees
Audit, Compliance & Risk Management
Remuneration & Governance

BOARD OF DIRECTORS

Douraid Zaghouani

Non-Executive Director
Appointed: 29th April, 2015

Douraid was appointed following the resignation of Khalid Al Bakhit. Douraid is Chief Operating Officer of the Investment Corporation of Dubai (ICD). In this role he supports the CEO Office in corporate strategy development and is responsible for the efficient operational management of the organisation with the aim of optimising business performance. Prior to joining ICD, he was with Xerox for more than 25 years. During his long and distinguished international business career he held a number of senior general management, sales and marketing roles in both Europe and North America. He has served as the Chairman of the Board of several Xerox companies and also sits on the Board of International Hotel Investments.

Committees

Technical & Operations
Finance & General Purpose

REPORT OF THE DIRECTORS

Mahmud Kazaure
Group Chief Legal Counsel & Company Secretary

"The Directors are satisfied that the 2016 Annual Report represents a fair, balanced and realistic view of events."

It is with pleasure that the Board of Directors of Dangote Cement present the Annual Report and Accounts of the Company for the year ended 31st December, 2016.

Having considered all the matters brought before the Board during the financial year under review, the Directors are satisfied that the Annual Report represents a fair, balanced and realistic view of events.

The Corporate Governance Report, which forms part of this report, highlights our governance system and culture which are in line with international best practice.

Directors' responsibilities

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

The Directors' responsibilities are outlined below:

1. The Board is charged with ensuring that appropriate values, ethics and behaviours for the conduct of the Company are agreed and that appropriate procedures and policies are in place to ensure that these are implemented effectively. The Board ensures leadership through effective oversight and review. Supported by its principal committees, the Board sets the strategic direction and aims to deliver a sustainable increase in shareholder value over the longer term.

2. It ensures that proper accounting records are maintained, that accounting policies are used and consistently applied and that appropriate financial statements are prepared on the Going Concern basis, unless it is not appropriate to presume that the Company will continue in business for the foreseeable future. Most of this responsibility is delegated to the Finance and General Purposes Committee

3. It ensures that adequate internal control procedures are established to safeguard the assets of the Company and to present and detect fraud and other irregularities. It also oversees the implementation of appropriate risk assessment systems and processes to identify, manage and mitigate the

REPORT OF THE DIRECTORS

principal risks of the Company's business. Much of this work is delegated to the Audit, Compliance and Risk Management Committee.

4. It implements effective succession planning at Board and executive management level and assesses the processes in place to ensure that there is appropriate succession planning amongst senior management. Much of this responsibility is delegated to the Remuneration and Governance Committee.

5. It develops and implements Board and governance policies in line with regulatory requirements and international best practice. Much of this responsibility is delegated to the Remuneration and Governance Committee.

6. It ensures that the technical and operational aspects of the business are conducted efficiently and with regard to global best practices. It assesses the feasibility of proposed new projects and ensures that the operational, technical, production, sustainability and staffing aspects of our plants are adequate, comply with local and international laws and are aligned with our business goals. It is also responsible for overseeing new technical and development programs within the business. Many of these responsibilities are delegated to the Technical and Operations Committee.

Legal form

Dangote Cement Plc was previously named Obajana Cement Plc and was incorporated in Nigeria as a Public Limited Company on 4th November 1992, and commenced operations in January 2007.

The name of the Company was changed from Obajana Cement Plc to Dangote Cement Plc by virtue of a special resolution dated 14th July, 2010.

The shares of Dangote Cement were listed on the Nigerian Stock Exchange ("the Exchange") on October 26, 2010 and since then it has always been the largest company traded on the Exchange.

Principal activities and future plans

The Company was established for the operation of factories used for the preparation, manufacture, control, research, sale and distribution of cement and related products. The production activities of the Company are undertaken at various plants located at Obajana in Kogi State, Gboko in Benue State and Ibese in Ogun State, all in Nigeria.

The Company has expanded into other countries in Africa and has a number of subsidiaries engaged in the same activities. Information on these subsidiaries is on pages 22 to 23. Details of future plans are contained in the Chairman's Statement on pages 8 to 11 and the Operational Review on pages 52 to 69.

Business Review and results

The Business Review comprises of the following, each of which are incorporated by reference into, and forms part of this Directors' Report:

- The Chairman's Statement on pages 8 to 11
- The Interview with the Group Chief Executive Officer on pages 52 to 55
- The Review of the Business in 2016 on pages 56 to 62
- The Group Chief Financial Officer's Report on pages 64 to 67
- The report on Our Approach to Sustainability on pages 41 to 49
- The Corporate Governance Report on pages 72 to 83
- The Audit, Compliance and Risk Management Committee Report on pages 98 to 110
- The Finance and General Purpose Committee Report on pages 111 to 114
- The Technical and Operations Committee Report on pages 115 to 117
- The Nominations Committee Report on pages 118 to 119
- The Remuneration and Governance Committee Report on pages 120 to 128

These sections also include details of expected future developments in the Company's business and details of the key performance indicators

REPORT OF THE DIRECTORS

Results for the year

Group revenue increased by 25.1% to ₦615.1B (2015:₦491.7B). Operating profit was ₦182.5B (2015: ₦207.8B). Net profit for the year was ₦186.6B (2015: ₦181.3B).
Earnings per share increased by 4.5% to ₦11.34 (2015: ₦10.86)

Dividends

The Directors pursue a dividend policy that reflects the Company's earnings and cash flow, while maintaining appropriate levels of dividend cover. They take into account the capital needed to fund the Company's operations and expansion plans. For the 2016 financial year, the Directors have recommended a dividend of ₦8.5 per ordinary 50 kobo share (2015: ₦8.0).

The final dividend, if approved by shareholders at the Annual General Meeting on 24th May 2017, will be paid on 26th May 2017 to shareholders listed on the register as at the close of business on 12th May 2017.

The Board considers that the proposed dividend level is appropriate and is in line with the Company's strategic growth plans.

Unclaimed dividends

The total amount outstanding as at 31st December, 2016 is ₦1,652m. A list of unclaimed dividends is available on the Company's website: www.dangotecement.com.

The Company notes that some dividend warrants have either remained unclaimed, are yet to be presented for payment by shareholders, or have been returned to the Company for revalidation.

Therefore, all shareholders with "unclaimed share certificates" or "unclaimed dividends" should address their claim(s) to the Registrars, United Securities or to the Company Secretary at the registered office address.

Members are encouraged to notify the Registrars or the Company Secretary of any changes in address or other relevant information, and take advantage of the E-dividend by completing the form included on page 219.

Directors

As at the date of this report, Dangote Cement has 13 Directors, all of whom held office in the year ended 31st December, 2016. Their biographies are contained on pages 86 to 89 and are incorporated into this report by reference.

The appointment, removal or reappointment of Directors is governed by the Company's Articles of Association and Companies and Allied Matters Act (CAMA) LFN 2004. These Documents also set out the rights and obligations of Directors.

	Ordinary shares of 50 kobo each		
Director	**As at 31st December 2015**	**As at 31st December 2016**	**As at 27th February 2017**
Aliko Dangote	27,642,637	27,642,637	27,642,637
Olakunle Alake	4,931,702	4,931,702	4,931,,702
Devakumar Edwin	2,000,000	2,000,000	2,000,000
Ernest Ebi	0	100,000	100,000
Emmanuel Ikazoboh	40,000	74,352	74,352
Olusegun Olusanya	16,313	16,313	16,313
Joseph Makoju	11,000	11,000	11,000
Abdu Dantata	2,500,000	8,680	8,680
Sani Dangote	0	0	0
Fidelis Madavo	0	0	0
Douraid Zaghouani	0	0	0
Onne van der Weijde	0	0	0
Dorothy Ufot	0	0	0

REPORT OF THE DIRECTORS

Directors' interests
In accordance with Section 275 of the Companies and Allied Matters Act, CAP C20 LFN 2004, Directors' direct and indirect interests in the issued share capital of the Company are recorded in the Register of Members as at 31st December, 2016, and detailed opposite.

Conflict of interest
The Company maintains a Register of Directors' Interests in accordance with the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004.

Powers of Directors
Subject to the Articles of Association of Dangote Cement, prevailing legislation and any directions given by special resolution, the business and affairs of the Company will be managed by the Directors who may in good faith, exercise all such powers for and on behalf of the Company.

Supplier payment policy
It is the policy of the Company to agree and clearly communicate the terms of payment as part of the commercial agreement negotiated with suppliers and then to pay according to those terms based upon receipt of an accurate invoice.

Trade creditor days for the year ended 31st December, 2016, were 94 days on average for the Company (2015: 80 days).

Donations
Donations, Sponsorship and charitable donations amounted to ₦0.5B (2015: ₦0.4B), as detailed on page 215.

Dangote Cement's social investments in Africa
The Company regards the provision of social investment and charitable donations as an important part of its strategy to maintain good relationships with communities and other stakeholders in all of its operating locations across Africa.

Some of our initiatives are conducted directly by the Company and its staff, some in collaboration with third parties and other organisations, while others are managed by the Dangote Foundation, which is a non-commercial and charitable organisation that focuses on empowerment, education, health and disaster relief on behalf of all companies in the Dangote Group.

Sustainability
Dangote Cement is committed to promoting sustainability. Concern for the environment and promoting a broader sustainability agenda are integral to the Company's professional activities and the management of the organisation.

We aim to comply with, and exceed where practicable, all applicable legislation, regulations and codes of practice; integrate sustainability considerations into all our business decisions; ensure that our staff, clients and suppliers are fully aware of our Sustainability Policy and are committed to implementing and improving it and to minimise the impact on sustainability of all office and transportation activities. Our Approach to Sustainability is contained on pages 41 to 49.

Corporate governance and investor relations
Dangote Cement is committed to high standards of corporate governance and global best practice, both in Nigeria and countries where we have operations.

Our focus at all times is recognition of and compliance with all laws regulating the business. The Corporate Governance Report details compliance with relevant legislation and relations with shareholders on pages 72 to 83, and forms part of the Directors' Report.

The Company pursues an active programme of investor relations with investor meetings and earnings calls throughout the year.

Employees
The Company reviews its employment policies in line with the needs of its business. Strategic employees are recruited to add value to the company and ensure high performance areas based on clearly defined performance indices.

The Company continuously strives to improve its operations to ensure a safe working environment.

REPORT OF THE DIRECTORS

Safety and environment workshops are organised with a broad focus on good housekeeping to ensure good and safe working environment. Firefighting and prevention equipment are installed in strategic locations in the offices and plants.

The Company continues to place a premium on its human capital development arising from the fact that this will ensure the improved efficiency of the business and maintain strategic advantage over its competition. Employees attended local and international training and development programmes during the period under review.

Employees are provided with information about the Company through the Internal Communications Unit, which publishes information on the Company's website and intranet.

The Company is committed to equal opportunity for individuals in all aspects of employment. The Company gives every consideration to applications for employment by disabled persons where the requirements of the job may be adequately filled by a disabled person.

Where existing employees become disabled, it is the policy, wherever practicable, to provide continuing employment under similar terms and conditions and to provide training as appropriate.

Retirement benefits

The Company operates a contributory pension scheme for its employees in Nigeria, in line with the provisions of the Pension Reform Act, 2014.

The scheme is funded through employees' and employer's contribitions in the ratio of 8% and 10% of the total emoluments of the employee, as prescribed by the Act.

Post balance sheet events

No material event took place between 31st December 2016 and the date on which these accounts were signed.

Research and innovation

With rapid urbanisation and population growth in Africa, the Company realises that meeting housing and infrastructure needs will be a challenge. We are constantly looking for solutions that will respond to these construction challenges.

In search of self-sufficiency in all production inputs, Dangote Cement plans to source coal from mines in Kogi State operated by its parent company Dangote Industries Limited.

The Company is also working with the Cement Manufacturers Association of Nigeria (CMAN) to explore the possibility of mining gypsum locally in Nigeria. Gypsum remains one of the raw materials required for the production of cement that is not commercially mined in Nigeria at present. The Company is committed to building capacity locally to explore and exploit gypsum reserves within Nigeria to reduce dependence on imports.

Capital structure

The Company has one class of ordinary shares, which reflect the total value of the share capital. Each ordinary share carries the right to one vote at the Company's Annual General Meeting. The percentage shareholding and transfer of shares are governed by the Company's Articles of Association and relevant regulation. There are no restrictions with respect thereto.

Substantial interest in shares

As at 31st December 2016 and also at the date of this report, only Dangote Industries Limited held more than 5% of the issued share capital of the Company. Details are provided below.

31st December, 2016
Shareholder: Dangote Industries Limited
Number of ordinary shares: 15,494,247,300
% of issued ordinary shares: 90.93%

27th February, 2017
Shareholder: Dangote Industries Limited
Number of ordinary shares: 15,494,247,300
% of issued ordinary shares: 90.93%

REPORT OF THE DIRECTORS

All shares other than shares held by Dangote Industries Limited (90.93%) and Aliko Dangote (0.16%) are considered to be free float shares. Aliko Dangote is the ultimate owner of Dangote Industries Limited.

All issued shares are fully paid and details of the share capital history are set out on page 211. No additional shares were issued in 2016.

The Articles of Association may be amended by special resolution approved by the shareholders.

Auditors

In the case of each of the persons who are Directors of the Company at the date when this report was approved:

- So far as each of the Directors is aware, there is no relevant material information of which the Company's auditor is unaware
- Each of the Directors has taken all the steps that he reasonably ought to have taken as a Director to make himself aware of any relevant material information and to establish that the Company's auditor is aware of that information.

Both Akintola Williams Deloitte and Ahmed Zakari & Co., as joint auditors, have indicated their willingness to continue as auditors of the Company in accordance with the provisions of section 357 (2) of the Companies and Allied Matters Act, Cap C20 LFN 2004.

A resolution will be proposed authorising the Directors to fix the remuneration of the Auditors for the 2017 financial year.

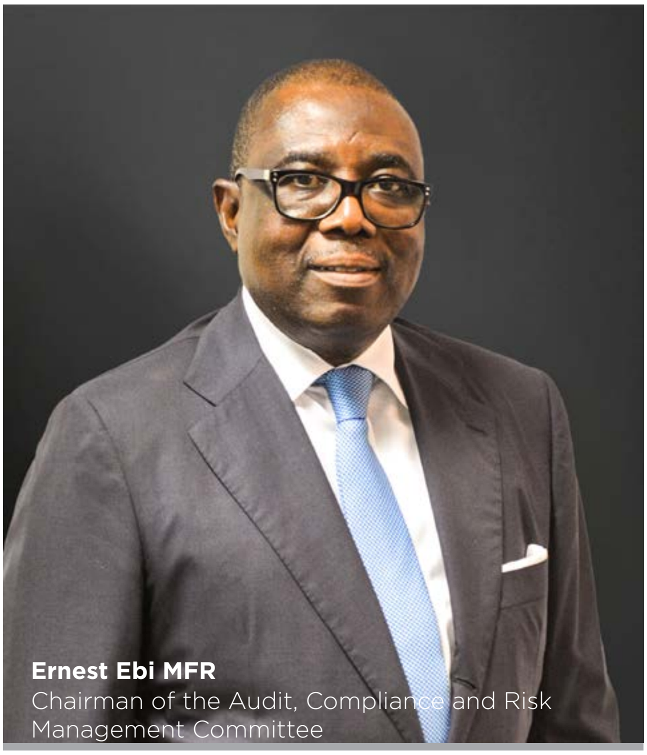
In compliance with the provisions of the Securities and Exchange Commission ("SEC") Code of Corporate Governance, 2011, the Company puts the external audit contract out to tender at least every ten years. The timing of the next tender will be aligned with the cycle for rotating the audit engagement partner.

Mahmud Kazaure
Group Chief Legal Counsel and Company Secretary
27th February, 2017

Shareholder analysis

Share Range	Number Of Shareholders	% of Shareholders	Shares	% of total
1 to 5,000	37,410	93.26	26,506,401	0.16
5,001 to 10,000	1,221	3.04	8,606,408	0.05
10,001 to 20,000	622	1.55	8,751,051	0.05
20,001 to 30,000	249	0.62	6,052,888	0.04
30,001 to 40,000	101	0.25	3,519,720	0.02
40,001 to 50,000	58	0.14	2,641,554	0.02
50,001 to 100,000	161	0.40	11,582,473	0.07
100,001 to 1,000,000	199	0.50	65,902,471	0.39
1,000,001 to 10,000,000	68	0.17	175,751,865	1.03
10,000,001 to 100,000,000,000	23	0.06	16,731,192,573	98.18
TOTAL :-	**40,112**	**100**	**17,040,507,404**	**100%**

AUDIT, COMPLIANCE & RISK MANAGEMENT COMMITTEE REPORT



Ernest Ebi MFR
Chairman of the Audit, Compliance and Risk Management Committee

"The Committee consists of experts in accounting, finance, risk management and corporate governance."

The Board's Audit, Compliance and Risk Management Committee comprises four Non-Executive Directors and four Independent Non-Executive Directors. As an Independent Non-Executive Director, I serve as the Chairman of the Committee.

All of our members have significant commercial experience of accounting, risk and corporate financial management, governance and compliance.

This surpasses the requirement in Section 30.2 of the SEC Code and the UK Code (provision C.3.1) which requires that at least one member of the committee should have recent and relevant financial experience.

The Board has satisfied itself that the current members of the Audit, Compliance and Risk Management Committee are competent in financial, risk and compliance matters and have recent and relevant experience.

Roles and responsibilities

The Committee has oversight over the Audit, Compliance and Risk Management functions and receives separate reports and updates from each of these functions.

The roles and responsibilities of the Audit, Compliance and Risk Management Committee are set out in its charter, which is reviewed periodically by the Committee taking into account relevant legislation and recommended best practice.

The Committee's main responsibilities include:

- Oversight of the activities of the Group Internal Audit function including the appointment and evaluation of the Group Head, approval of the Internal Audit Plan, review of Internal Audit reports and safeguarding the independence of the Internal Audit function
- Review the scope, nature and effectiveness of the Internal Audit function and recommend proposed changes to the Board
- Review and ensure that proper liaison and co-operation exists between statutory auditors and the Group Internal Audit function
- Recommend to the Board for approval, the Company's risk appetite and risk limits as well as changes to the Company's appetite for risk
- Approve the Company's risk framework and policies, including the organisation and governance of risk management

AUDIT, COMPLIANCE & RISK MANAGEMENT COMMITTEE REPORT

- Oversee the execution of risk management including identification, analysis and risk mitigation, within the scope of the risk appetite (approved by the Board)
- Review with the Company's Legal Counsel, any legal matter that could have significant impact on the Company's financial statements and operations
- Oversee the Company's compliance program and adherence to the Code of Business Ethics
- Establish a whistle blowing mechanism and monitor implementation

Meetings

The Committee met four times in 2016. Some members of our Senior and Executive Management teams were invited to meetings to provide information and updates on agreed tasks and directives given by the Committee from previous meetings. These include the Group CEO, Group CFO, Head of Internal Audit, Group Chief Risk Officer, the Chief Legal Officer, Company Secretary, Deputy Company Secretary and Compliance Manager.

I will describe the functions and activities of the Risk Management, Compliance and Audit Functions respectively.

Meeting attendance

Director	22/02/16	12/04/16	20/07/16	20/10/16
Ernest Ebi (Chairman)	✓	✓	✓	✓
Olakunle Alake	✓	✓	✓	✓
Sani Dangote	✓	✓	✓	✓
Devakumar Edwin	✓	✓	-	✓
Emmanuel Ikazoboh	✓	✓	✓	✓
Fidelis Madavo	✓	✓	-	-
Olusegun Olusanya	✓	✓	✓	✓
Dorothy Ufot	n/a	n/a	n/a	✓

Committee activities during 2016

Key matter considered	Committee actions
Resourcing of key functions	• Approved the appointment of the Group Head of Internal Audit and the Deputy Head, Risk Management • The Committee commissioned the recruitment of Risk Managers for plants in Cameroon, Ethiopia, Senegal and Zambia and the recruitment of HSE Directors for the plants. • The Committee also approved the appointment of a Compliance Manager to facilitate the establishment of a Compliance function.
Foreign exchange gap issues	• The Committee invited the Executive Management team to develop an export strategy capable of generating significant foreign exchange in order to fund essential imports such as spares and workshop tools.
Disciplinary Committee	• The Committee constituted a Disciplinary Committee to handle staff related matters in a fair and transparent process, to ensure that applicable laws are followed and avoid any infringement of rights or future sanctions.
Regulatory compliance	• The Committee instructed the Executive Management team to ensure compliance with the post-listing requirements of the Nigerian Stock Exchange.
Compliance	• The Committee reviewed and approved a compliance appraisal plan for 2016.
Transport management strategy	• The Committee is reviewing the medium and long term strategy on optimising management of the transport function.

AUDIT, COMPLIANCE & RISK MANAGEMENT COMMITTEE REPORT

Committee activities during 2016	
Key matter considered	**Committee actions**
Health, Safety and Environment (HSE)	• The Committee ensured that HSE functions are established for all plants, and developed appropriate policies and measures to reduce health, safety and environmental risks at all of its plants throughout Africa.
Anti-Fraud Committee/ Disciplinary Committee • The 2016 Audit Plan Execution Update • The recruitment of 5 Auditors for effective coverage • SAPGRC Implementation	• The Anti-Fraud Committee's report should be included as part of Internal Audit presentation at all BARMC meetings and the Group Chief Risk Officer should be included as a member of AFC. • The formation of the Disciplinary Committee was approved with the Group General Counsel as the Chairman. • The progress on audit plan execution was noted and the deployment of SAPGRC was approved.
Internal Audit activities update • Whistle blowing • Special and advisory assignments • KPIs and balanced scorecard • EXCO action points • Major operating review • Operating risks and audit focus	• Meeting noted that the improvement in the Control Environment and that audit plan was on course to completion. • The conclusions from ongoing investigations should be submitted when ready.
• Control environment update • Whistle blowing • External Audit recommendations • Appointment of Deputy Head, Internal Audit	• Reviewed report on impact of significant progress in overall control environment. • Await representation on appointment of Deputy Head, Internal Audit.

Risk management

Introduction

The Risk Management function of Dangote Cement supports the Board of Directors, the Executive Committee and Management of all subsidiaries in the Group in identifying, analyzing and controlling the Company's overall risk exposure. Risks identified are managed systematically to ensure all prevalent and emerging risks to which the Company is exposed are managed properly. A holistic and fit-for-purpose methodology is adopted to ensure all types of risks emanating from the Company's strategic, internal and external activities are captured. For proper analysis, risk incidents are mainly grouped under Business & Strategic Risk, Operational Risk, Financial Risk, Market Risk, Liquidity Risk, Business Continuity Risk and Reputational Risk.

The Group defines risks as events that portend any consequence of uncertainty in the attainment of its business objectives which can result in an opportunity or a threat. The outlook for effective risk management involves proper analysis of the Group's business activities to identify short, medium and long-term risks. Identified risks are then assessed, measured and controlled with close monitoring of the implementation of recommended controls by the Group's Risk Management Department. Insurance solutions are instituted as a key method of risk treatment.

The risk landscape of Dangote Cement Plc is derived through thorough risk assessments and deployment of other risk identification tools that cover all strategic, internal and external business activities of the Group. These risk management tools are utilised

AUDIT, COMPLIANCE & RISK MANAGEMENT COMMITTEE REPORT

in all subsidiaries of the Group and at all levels in the organisation. All mitigating actions implemented are duly approved by relevant business owners and approving authorities.

Risk profile in 2016

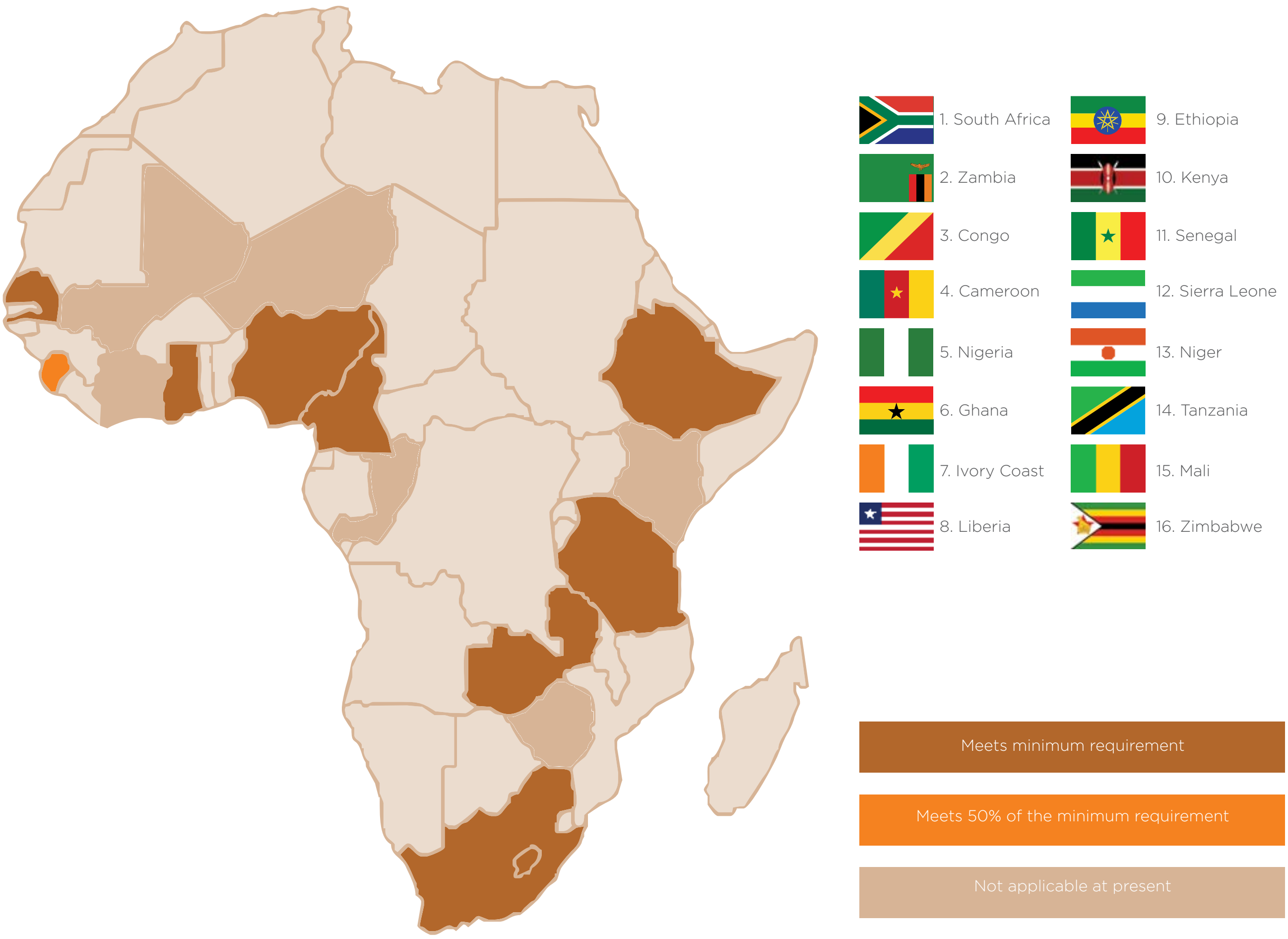
Financial risks - Insurance risk

In 2015, the Group achieved competitive insurance pricing for local and international policies. In 2016, we leveraged on competition in the insurance market, economic downturns, a positive property insurance market and the good disposition for Dangote Cement's business. A holistic approach was adopted in managing the Group's insurance portfolio, which resulted in Group-wide consolidation of our insurance requirements with a preferred broker. This has resulted in economies of scale in premiums paid, broadened the scope and scale of coverage, and ease of administration for compliance with the minimum insurance requirements of the host country and Group insurance policies.

Major achievements in 2016 include:

- 10% premium savings in 2016 with a cumulative total of 33% in two years on local policies
- 20% rate savings was achieved in 2016 on Property Damage / Business Interruption (PDBI) for DCP Obajana and DCP Ibese
- Reduction of Deductibles on Property Damage at Obajana and Ibese Plants by 150% in 2016
- Cumulative premium savings of 58% on foreign policies and 18.25% reduction in premiums on the Pan-African PDBI for plants in South Africa, Cameroon, Tanzania and Ethiopia, as a result of improvements in the risk profile.

The Insurance Compliance Status is as captured below:



AUDIT, COMPLIANCE & RISK MANAGEMENT COMMITTEE REPORT

- Conduct of Health Awareness and Lifestyle Seminars with free medical tests done for all staff in the Head Office and Plants
- Successful completion of Engineering Risk Surveys at Obajana, Ibese, Ghana, Cameroon, Tanzania, Zambia, Ethiopia, Congo and Sierra Leone Plants
- Design of a Pan-African International Terrorism Programme

Credit risk

Credit risk exposures are monitored at Plant, Country and Group levels on an on-going basis to ensure that non-performing credits are identified promptly and escalated to relevant authorities for prompt regularisation.

Past-due accounts and other credit risk related infractions are reported to management and the Board with remedial actions proposed for approval; approved recommendations are tracked for proper implementation and timely closeout.

The Group's credit policy was revised to address identified gaps in policy requirements and general credit administration practices across the Group. The following actions were implemented:

- Centralisation of all credit control functions in a bid to minimise fraud which resulted in:
  - Withdrawal of rights from all plant personnel to review credit checks and unblock accounts
  - Withdrawal of rights to create credit limits on any customer account
- Training of members of staff on the Credit Risk Policy across Pan-African locations
- Registration with two Credit Bureaus has been established to facilitate the rating system being deployed for customers transacting business with the Group
- Review and engagement of Pan-African banks whose bank guarantees would only be accepted from customers in alignment with the Group's Credit Risk Policy
- Expansion of credit risk management scope to include all credit exposures across the Group; this led to a year-on-year increase of 403.5% in the credit risk portfolio reported

The credit risk exposure of the Group was adjudged a Medium Risk as the past-due obligations comprised 35% of total exposure. Efforts to ensure prompt regularisation of past-due exposures are ongoing. No major credit risk threat is envisaged, as about 25% of past-due obligations are contractor credits, which would be deducted from payments due, and 9% are inter-company credits that would be resolved internally.

Market risk

Dangote Cement is exposed to market risk emanating from volatilities in interest rate, foreign exchange and commodity prices across its various jurisdictions of operations. To reduce the adverse impact of these fluctuations in its various business climes, the Company utilises a variety of financial risk mitigation strategies to ensure its earnings and cash flows are assured in line with the Group's risk appetite.

Foreign exchange risk

During the period under review, the business was exposed to significant shortages of foreign exchange. In Nigeria, the country experienced a fall in oil production, its major foreign exchange earner. The Central Bank of Nigeria also introduced a flexible foreign exchange policy allowing the exchange rate to float in the Nigerian Interbank Market. This resulted in the Naira falling 58% from N199/US$ in June 2016 to N304/US$ at the end of the year.

Beyond Nigeria, some of our Pan-African operations, notably in Ethiopia, South Africa and Zambia, were also exposed to foreign exchange risk. Payment of foreign vendors for supply of spare parts and raw materials, provision of operations and maintenance services alongside expatriate salary payment and our African expansion projects were affected.

To effectively manage the Group's exposure to this risk, close liaison on a continuous basis with the Treasury function was maintained throughout the year for prompt and effective decision-making. A few of the risk mitigation strategies deployed include ramping up export sales to earn foreign exchange, putting a hold on the Group's African expansion projects, refinancing of inter-company loans, financing purchase of assets

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through utilisation of supplier credit, and use of appropriate hedges for forecasted foreign exchange based transactions.

The Risk Management team worked with Executive Management to carry out a review of budgets to reflect volatile changes in the foreign exchange market so as to avoid disruption of the Group's business operations. Scenario analyses were carried out to reflect the impact of plausible situations of further currency devaluations across all operating territories. In addition, the Board approved the necessary infrastructure support to boost our export business and thereby generate foreign currency income for the Group. All of these initiatives helped the Group to proactively manage its foreign exchange risk.

Commodity risk

In the course of 2016, Dangote Cement Plc was exposed to commodity risks resulting from price fluctuations in gas, LPFO, coal and indirectly in its sea freighting dealings. Appropriate instruments and actions, such as use of swap options and adequate insurance coverage, were employed in hedging exposure to this risk.

Non-financial risks

Business risk

A key business risk to which Dangote Cement was exposed in Nigeria in 2016 was energy sourcing and cost. It posed a major threat to the Group's business operations and profit margins were significantly impacted due to increased energy cost resulting from production lines switching to use of Low Pour Fuel Oil (LPFO) because of gas supply shortage caused by unrest in the Niger Delta. LPFO is significantly more expensive to use in kilns than gas or coal.

The use of LPFO increased the cost of production by an average of 11% in the first and second quarters of the year; EBITDA margins consequently shrank by 8% for the same period. Typically, the cost of energy to total production costs ranges between 30% and 40% of operational costs; however, it averaged 51% at DCP Nigeria, with kiln fuel and power cost comprising 37% and 14% respectively. To address this huge variation, a more focused and strategic approach was adopted to ensure energy efficiency and improve profitability. As a result, the Company switched to the use of coal at Obajana, Ibese and Gboko, following a decision taken more than two years ago to diversify fuel supplies so as to ensure fuel security and improve margins.

Significant investments have been made in building facilities to provide sufficient coal to fully fuel all kilns across our three Nigerian plants. By using imported coal, we were able to reduce dependence on what proved to be highly unreliable supplies of gas during the year, as well as mitigate the need to use expensive LPFO.

In tandem with our efforts, our parent company Dangote Industries began preparations to mine coal in Kogi State in 2017. Using coal mined within the Group enables Dangote Cement to improve fuel security by controlling our own fuel supplies, reduce operating costs as a result of using cheaper, own-mined coal, and significantly reduce our need for foreign exchange to buy fuel in international markets. It is estimated that DCP will make 15% to 20% savings on cost of coal per tonne of cement by using own-mined coal. Furthermore, by using coal in our kilns, we ensure better gas supplies for our electrical generators at Obajana and Ibese, thus reducing the need to use expensive diesel as a back-up fuel for power generation at these plants.

Operational risk

Operational risk is regarded as any activity that would expose the organisation to the risk of loss resulting from failed or inadequate people, process, systems and issues stemming from external events that are not directly under the control of Dangote Cement Plc. It is further considered as the potential for incurring losses in relation to employees, project management, contractual specifications and documentation, technology, infrastructure failure and disasters, external influences and customer relationships.

During the year under review the key risks identified and managed under this risk category were people risks, operational inefficiencies, logistics and transportation risk, IT risks, and health & safety risks. Risk assessments were carried out organisation-wide

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Likelihood of risk event	Frequency of occurrence
Almost certain	Occurs once a month
Likely	Occurs once every 3-6 months
Possible	Occurs at least once a year
Unlikely	Occurs every two years
Rare	Occurs every three years

	Quantifying the level of impact				
	Catastrophic	Major	Moderate	Minor	Insignificant
Financial risk	>25% of gross income	15%-25% of gross income	5%-15% of gross income	1%-5% of gross income	<1% of gross income
Reputational risk	Negative publicity lasting more than six months; high customer defections; irreparable share-price decline; major investor divestments.	Negative publicity lasting more than three months; some customer defections; large decline in share price; instances of investor divestments.	Negative publicity lasting a month; some customer defections; moderate decline in share price; few or no investor divestments.	Little or no negative publicity; no loss of customers; little or no effect on share price or investor appetite.	No impact on reputation, share price or customers.

with remedial action plans agreed and implementation of controls closely monitored to ensure that operational risk exposures do not exceed the organisation's risk appetite and are managed within tolerable levels.

The assessment process takes into consideration the probability of occurrence (see table) and the impact of risks identified. The potential impact is adjudged from a financial and non-financial loss perspective as shown in the tables. This risk measurement approach is used when evaluating the inherent and residual risk rating of each risk identified. Controls agreed for risk mitigation are required to ensure that the residual risk rating of identified risks fall within the risk appetite of Dangote Cement Plc.

From the risk assessments conducted during the year, the Group's exposure to operational risks was adjudged a Medium Risk, as the implementation of remedial actions required to effectively manage some inefficiencies with fleet management, information technology, logistics, spare parts and raw materials procurement are still on-going. These initiatives will improve operations and reduce risks in 2017.

Key Risk Indicator (KRI) monitoring is also deployed in managing the Group's exposure to operational risks. As detailed on the next page, KRIs are quantitative parameters defined to provide trends which serve as useful insights and timely leading signals of prevalent and emerging operational risk exposures as it relates to the business activities of the Group. Thresholds for monitoring acceptable risk levels are agreed with Management and the Board Audit, Compliance and Risk Management Committee for timely risk identification.

This year, the Group enhanced KRI monitoring with the introduction of strategic KRIs derived from the strategic initiatives considered as critical to the achievement of set business objectives for 2016. Identified risk trends and mitigation action are reviewed by Executive Management on a monthly basis and by the Board Audit Risk and Compliance Committee on a quarterly basis to ensure identified operational risk exposures are controlled within DCP's risk appetite.

Opportunity areas

In managing the Group's risk exposures, new business opportunities are identified in some cases.

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These are identified at all levels within the organisation and absorbed into DCP's strategic plan for execution with close monitoring until fruition. The opportunities identified in 2016 were stemmed from mitigation strategies considered and employed in managing foreign exchange and business risk exposures.

Export trades

The volatilities experienced in local economies such as Nigeria and Ethiopia resulted in scarcity of currency and the associated challenges of sourcing of spare parts and raw materials. To meet its foreign currency based needs, an aggressive move to build the necessary infrastructure for increased export sales was embarked on. Key export trades by DCP Nigeria are to Niger, Togo and Ghana whilst DCP Zambia exports to the Democratic Republic of Congo, Malawi, Burundi and Zimbabwe. This generates more foreign currency based income for the organisation required for meeting its international procurements and invisible payments.

Coal mining

Options explored for effective management of energy and power costs in DCP Nigeria opened up the idea of using coal to power kilns instead of Gas and LPFO. Gas supply was erratic and even with coal facilities operational on some lines, Ibese and Obajana had to resort to use of imported LPFO.

Furthermore, the devaluation of the Naira resulted in increased production costs, which adversely impacted EBITDA. Although we were able to use coal in 2016, it was mostly imported and therefore subject to foreign currency exposure.

A decision was made at parent company level to develop coal mines in Nigeria to improve fuel security, improve margins and reduce Dangote Cement's foreign currency requirement by sourcing coal locally in Naira-denominated transactions.

This opportunity will be pursued in any other of the Group's countries of operation if local coal deposits can be mined to reduce costs at the plant.

Truck Officers' Scheme

The need to improve efficiency levels in the Group's transport management led to the introduction of a Truck Officers' Scheme, which assigned a maximum of five trucks to a "Truck Officer" who will be responsible for supervising the drivers of these trucks and ensuring improved turn-around time to meet performance benchmarks.

This new scheme has greatly improved transport management in DCP Nigeria, where the pilot scheme is running.

Summary of Key Risk Indicators tracked at Dangote Cement

Risk type	Scope of KRIs	Number of KRIs
People risk	Recruitment process; attrition rate; career management; employee productivity; succession planning; staff grievance management; annual leave management; age and gender profiling; internal fraud; staff injury, illness and death.	30
Process risk	Transport/logistics; HSE; budget and financial management; procurement and supply chain management; strategic milestone monitoring; production and control; quality control; sales and marketing; physical security; infrastructure and equipment manufacture.	103
System risk	SAP issues; IT general control lapses; System availability issues; network maintenance issues; disaster recovery issues; equipment failures.	46
External risk events	Vendor and supplier management; contractor management; regulatory sanctions; customer complaints management; negative public perception.	15

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Overall risk landscape

For effective management of the Group's risk exposures, the overall risk position is determined by evaluating likely impact of current and emerging risks materialising with consideration for risk correlations. For instance, a delinquent credit is usually the outcome of process failures which are tracked and monitored using operational risk management tools. The precursor of any risk event crystallising is usually due to the ripple effect of poor management of other risk factors. This is why the Group adopted an effective risk management process that is holistic and takes into consideration all interdependencies that might lead to other risks materialising.

Comprehensive risk assessments of all operations across the Group are conducted and the outcomes of these risk assessments are reported to all stakeholders including Heads of Departments, Heads of Business Units or Subsidiaries, Country and Group Executive Committees and the Board Audit, Compliance & Risk Management Committee to ensure remedial actions required are communicated and duly implemented.

The Group's current risk profile is as indicated in the chart below. Exogenous factors constitute 33% and the highest proportion of the Group's risk exposure because of the huge impact of foreign exchange fluctuations in most jurisdictions of operations and attendant sovereign risk factors on its business activities. Operational risk accounts for 28% of the Group's current risk profile. This is closely followed by financial risk accounting for 17%, industrial/competitive risk accounting for 12% and strategic risk 10%.

For proper monitoring of its risk exposures, the Group estimates 'Expected Losses' for all key risks identified (see chart below). Expected Losses are derived from the product of the probabilities of events occurring and the impact thereof using four severely stressed scenarios. These Expected Losses are scenario-based and capture the likely impact of current and anticipated risk trends on the Group's business objectives in order to ensure that identified risks are properly managed and mitigated within acceptable limits derived from the Group's risk appetite.

This methodology is employed to maintain an optimal risk environment on an ongoing and forward looking basis.

Outlook for risk management

Dangote Cement will continue with its intentional and entrepreneurial vision for growth, sustainability and value creation. Its risk management strategy will be defined to be fit-for-purpose and realistic to its business model. As a result, all risk management tools and methodologies deployed will ensure appropriateness for holistic, effective and efficient risk management organisation-wide. This approach will ensure that all financial and non-financial threats to the achievement of its strategic intent and business objectives are eliminated or minimised on an ongoing basis.

As was done in 2016, increasingly sophisticated and granular methods will be applied in managing DCP's risk exposures organisation-wide as it grows and expands its business scope.

Compliance

The Board monitors the Company's compliance with applicable laws and non-binding rules and standards. The responsibility for this has been delegated to the committee.

Dangote Cement recognises that every Company is one bad decision or one 'bad employee' away from potential lawsuits and penalties, which brings to the fore the vulnerability of businesses.

Corporate compliance, or more accurately the risk of non-compliance, has become a major concern over the past decade, especially for global companies such as ours with operations in many different countries and jurisdictions. When a practice commonly accepted in one country could be a serious criminal or civil offence in another, it is essential that this is understood and managed.

The Compliance function is crucial for the timely detection and prediction of compliance violations as well as for the provision of reactive and proactive countermeasures on compliance violations. In recent

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years, monitoring the compliance of business processes with relevant regulations, processes, and rules has become a major focus. The Compliance function will monitor to identify possible violations and predict future violations in a way that will prevent sanctions being imposed on the Group. The Company recognises that effective compliance management is vital for sustainable profitable growth. It is a very important contributor to the protection of the Group's integrity and reputation, and helps build trust.

You will recall that in 2015, following the listing of the Company on the Premium Board of the Nigerian Stock Exchange, we made a decision to ensure that our corporate governance practices were sustained and strengthened, and this led to the engagement of the Compliance Manager, whose primary function is to oversee statutory and governance compliance in every facet of the company's operations, both in Nigeria and the other countries in which we operate.

In pursuance of the Board's resolve, the Committee was renamed the "Audit, Compliance and Risk Management Committee" with the added responsibility of overseeing the Compliance function across companies in the Group. The Committee includes 'Compliance Update' as a standing agenda item during its meeting and receives periodic updates on the level of compliance with all applicable regulatory requirements and possible impacts on the compliance risk profile of the Company.

The Committee also reviews reports received from the regulators and evaluates the nature and effectiveness of action plans implemented to address identified regulatory compliance issues.

The Compliance function is guided by the Compliance Charter, which amongst others seeks to establish and implement compliance management practices that contribute to sound and responsible business practices and integrity of the products and services delivered.

This principle is incorporated into the day-to-day operations of the Group's businesses in all our operating countries.

Compliance objectives / functions

The objectives and functions of the Compliance function are as follows:

a) Embed and encourage compliance with laws, regulations, business principles, rules of conduct, and establish good business practices in every aspect of the organisation (e.g. governance, strategy, people, processes, policies, culture, communication)
b) Establish and maintain effective compliance and control systems, including compliance risk assessment, mitigation, monitoring, and reporting
c) Provide timely advice to the Group organisation on relevant changes in the compliance environment
d) Promote integrity of the Group, its businesses and its employees
e) Report on compliance matters that warrant the attention of the subsidiary Company Management Board. Such reports must include as a minimum exceeded compliance risk tolerance levels and unacceptable business practices
f) Monitor progress of compliance risk mitigating actions and other compliance risk management issues until they are resolved
g) Submit an annual Compliance Appraisal Plan (CAP) to the Board Audit, Compliance & Risk Management Committee for review and approval and periodically update the CAP as necessary
h) Work with the process owners to document an Annual Monitoring Plan
i) Create a process including tools for tracking and managing actions
j) Create a process including tools for the recording, reporting and managing of compliance issues and incidents
k) Incorporate lessons learned into the components and activities of the Compliance Program and annual plan
l) Ensure resolution of, or escalation to the Subsidiary Management Board, Executive Management Team and the BACRMC on unaddressed or overdue items
m) Institute internal arrangements to ensure that all statutory and governance duties are adequately discharged in a timely manner

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n) Coordinate the provision of information to regulatory organisations, ensuring such information is timely, appropriate and present an effective image of the company
o) Ensure compliance with all corporate governance requirements and rules of appropriate regulatory authorities, particularly the SEC, NSE and CAMA
p) Ensure development, review, dissemination and communication of all governance policies and processes required by the regulators

Compliance appraisal

The Compliance function is executed through periodic appraisals that consist of one or all of the following methods:

- Scheduled visits to the operating plants
- Liaison with regulators, agencies and other consultants
- Follow-up correspondence by email and telephone
- Constant engagement with the local compliance teams, the Subsidiary Management Board and other process owners

During these appraisals, one-on-one meetings are held with the management of the subsidiary companies or the operating plants with a view to understanding their operational challenges and proffering solutions.

Policy formulation:

Policy formulation, review and implementation is an integral part of the Compliance function. As a manufacturing and production company, Dangote Cement is regulated by various laws and regulations. An important way to ensure compliance with these laws is through the formulation of policies that set guidelines on how the Company and its members are to act in any given situation.

As at 27th February 2017, Dangote Cement has 18 Board and Governance policies. Additionally, we have several internal policies and charters that regulate all facets of the Company's activities, ranging from production, sales, finance, human resources, communications, internal controls, corporate social responsibility functions etc. Details of the Board and Governance policies can be found on pages 80 to 82.

Internal Audit

The Internal Audit function is responsible for providing assurance to management, the Committee, and the Board on the adequacy and effectiveness of risk management, governance and internal control systems in the Company.

The Board has documented the authority, scope, accountability and responsibility of the Internal Audit function in the Internal Audit Charter. The Charter provides guidance to the Internal Audit function and its provisions are adhered to strictly by both the Board Audit and Risk Management Committee and the Internal Audit function.

The function operates independently of management and has full access to all functions, records, property and personnel in the Group.

Dangote Cement's Internal Audit function consists of the Group Internal Audit team, led by the Group Head of Internal Audit, and regional/country audit functions that operate in each of the Company's principal areas of business throughout its operations across Africa.

As seen in the organogram, the Group Internal Audit function is structured along two regions overseeing various countries as follows:

I. Nigeria, comprising the three plants located at Obajana, Ibese and Gboko.
II. Pan-Africa, comprising Cameroon, Congo, Ethiopia, Ghana, Senegal, Sierra Leone, South Africa, Tanzania and Zambia.

The regional and country functions are centrally directed by the Group Internal Audit team. The country Internal Audit functions are jointly accountable to local senior management and regional heads of internal audit. They also have direct access and accountability to local audit committees and the Group Head of Internal Audit.

The Internal Audit function's approach to its activities is centred on the Company's Enterprise Risk Management (ERM) Framework and a risk-based audit approach, both of which strengthen and complement how we

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undertake risk management at Dangote Cement.

This approach provides assurance that the processes that manage risks to a level considered acceptable by the Board, are working effectively and efficiently, whilst focusing on key processes and controls.

The Group Internal Audit function uses a standardised Group-wide internal audit methodology, which is in compliance with the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors. It operates a formal quality assurance and effectiveness programme.

Following a risk-based approach, the Internal Audit presents the annual internal audit plan for the consideration, review and approval of the Committee. The internal audit plan sets out the scope of work to be performed over a period and also defines the approximate resources necessary to accomplish the scope of the internal audit activities.

Internal Audit reviews, based on the approved plan for the year, generally include provision of assurance over financial, operational, IT and transformation programme activities, which are performed by teams of qualified and experienced employees, as well as third parties appointed to assist from time to time.

The Group Head of Internal Audit, who reports to the Board Audit, Compliance and Risk Management Committee and administratively to the Group CEO, has direct right of access to, and regular meetings with me and prepares formal summary reports on the consolidated activities and key findings of the Group's Internal Audit team.

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The regional and country functions are centrally directed by the Group Internal Audit team. The country Internal Audit functions are jointly accountable to local senior management and regional heads of internal audit function for each committee meeting. They also have direct access and accountability to local audit committees and the Group Head of Internal Audit. The Committee also has unrestricted access to all Internal Audit reports, should it wish to review them.

The Committee monitors and reviews the effectiveness of the Group Internal Audit function on an ongoing basis, consistent with the UK Code (provision C.3.2). Internal Audit will undergo an external quality assurance review during 2016 in line with Section 31.14 of the SEC Code.

Disciplinary Committee

In addition to the Anti–Fraud Committee, the Disciplinary Committee was formed during 2016.
The Committee is made up of the following members:

- Head, Human Asset Management Department
- Company Secretary/Head of Contracts
- Group Head of Internal Audit
- Senior Officer from the department of the staff member facing disciplinary action

With the formation of this committee, the Anti-Fraud Committee will focus on fraud-related cases while the Disciplinary Committee will focus on non-fraud cases.

Whistle-blowing mechanism

All employees and stakeholders have the opportunity to make confidential disclosures about suspected impropriety or wrongdoing. The Anti-Fraud Committee, the Group Legal Counsel, in consultation with the Group Head Internal Audit as appropriate, decide on the method and level of investigation.

The Committee reviews the Group's whistleblowing arrangements each year to assess whether they remain effective, is notified of all material disclosures made and receives reports on the results of investigations and actions taken.

The Internal Audit function performs necessary investigations on relevant items, recommends sanctions in line with Dangote Cement's Sanction Grid and provides recommendations for strengthening anti-fraud controls. The Committee can request further information, conduct its own inquiries or order additional action where necessary.

During 2016, of the whistles blown and fraud cases investigated, 68% of these cases have been closed and 32% are still under investigation.

The Audit, Compliance and Risk Management Committee has satisfied itself that proper and satisfactory internal controls remain in place to identify and contain business risks, and that the Company's business, and that of its subsidiaries, is being conducted in a proper and economically sound manner. I am confident that the Committee, supported by senior management, has carried out its duties effectively and to a high standard in 2016. In 2017, we will continue to enhance our processes in line with best practices.

Ernest Ebi MFR
Chairman of the Audit, Compliance and Risk Management Committee
27th February, 2017

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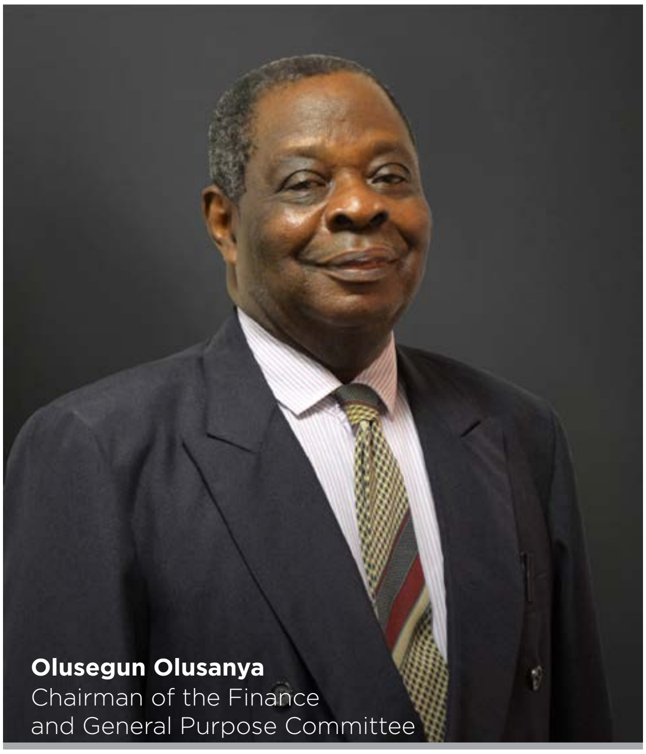

Olusegun Olusanya
Chairman of the Finance and General Purpose Committee

"The Committee reviews how the Company is progressing towards achieving its strategic goals."

As Chairman of the Finance and General Purposes Committee, I am pleased to present the Committee's report for the year ended 31st December, 2016. Over the following pages I will share the deliberations and decisions of the Committee and also provide an overview of the Committee's activities and significant issues deliberated on in the year under review.

The Board of Directors delegates financial matters to the Committee which has oversight over financial reporting and internal controls management, treasury, investment management, financial risk management, capital structure, corporate finance strategy and activities and mergers and acquisitions.

The Committee receives its insight into the challenges and goals of the Company from the financial and business targets set by the Board. It reviews how the Company is progressing towards achieving those targets, receiving regular updates from Executive and senior management staff on operational and financial issues across the Group. These reports give the Committee an understanding of the risk factors as well as the assurance and processes to mitigate them.

Membership, qualification and meetings.
The Committee has eight members, with five Non-Executive Directors and three Independent Non-Executive Directors. Biographical details of each member of the Committee, including relevant qualifications and experience, are set out on pages 86 to 89 of this report.

As part of the annual review of the effectiveness of the Committee, the Board has considered the qualifications, expertise and experience of members and is satisfied that the Committee members bring a wide range and depth of financial, accounting practices, risk management and commercial experience across various industries, and that they will effectively discharge their duties.

Some members of Senior and Executive Management are invited to be in attendance at meetings in order to provide required information and provide updates on agreed tasks and directives given by the Committee from previous meetings. As Chairman of the Committee, I regularly hold private one-on-one meetings with the Group Chief Finance Officer, other senior management, and with the lead Audit Partner prior to the meetings to better understand issues and any areas of concern, and to allow sufficient time for meaningful discussion at the meeting.

Roles and responsibilities

The Committee's main roles and responsibilities are to assist the Board in fulfilling its oversight responsibilities regarding the following:

- To advise the Board on matters pertaining to the Company's capital structure and the corporate finance strategy of the Company, including the issuance of equity and debt securities, general financing plans, debt ratings, share repurchase philosophy and strategy, share redemption and purchasing activities, and the Company's dividend policy
- To review, in consultation with the independent auditors, the integrity of the Company's internal and external financial reporting processes and controls
- To review and recommend to the Board on matters pertaining to Group treasury operations, investment strategies, banking and cash management arrangements and financial risk management
- To review thoroughly and make recommendations to the Board on matters pertaining to major investments, mergers, acquisitions, divestitures, joint ventures or similar transactions and the policies and processes of the Company related thereto

Financial reporting matters

The Committee reviewed the financial reports submitted by management during its meetings and assessed whether suitable accounting policies and standards were adopted and whether the management team made the appropriate estimates and judgments related to the Group's performance.

The Committee also reviewed the Group's quarterly financial results, relevant disclosures, external auditors' reports, financial disclosures in the Annual Report and reports by external auditors that highlighted any issues arising from the audit.

The specific areas of audit and accounting matters reviewed by the Committee include:

- Critical accounting judgements and estimates that affect the reported amount of assets, liabilities, revenue and expenses
- Appropriateness and consistency of application of accounting policies and their compliance with accounting standards
- Impairment testing of tangible and intangible assets
- Risks and associated controls over the financial reporting process
- Adequacy and clarity of reporting disclosures and compliance with applicable financial and reporting standards

Members and meeting attendance

Director	27/01/16	29/02/16	20/04/16	26/07/16	25/10/16	09/12/16
Olusegun Olusanya (Chairman)	✓	✓	✓	✓	✓	✓
Olakunle Alake	✓	✓	✓	✓	✓	✓
Sani Dangote	-	✓	✓	✓	✓	-
Ernest Ebi	✓	✓	✓	✓	✓	✓
Devakumar Edwin	✓	✓	-	✓	✓	-
Emmanuel Ikazoboh	-	✓	✓	✓	✓	✓
Fidelis Madavo	-	-	-	-	✓	✓
Douraid Zaghouani	✓	✓	✓	✓	✓	✓

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Committee activities during 2016	
Key matter considered	**Committee actions**
Review of financial statements	• Reviewed and recommended to the Board for approval, the 2015 audited financial statements. • Reviewed and recommended to the Board for approval, quarterly 2016 unaudited financial statements. • Recommended and authorised submission of the financial statements to the relevant regulatory bodies. • Discussed the performance of the Group in comparison with the approved budget.
Capital structure and financing	• Recommended the development of a robust policy to guide process of granting loans to subsidiary companies. • Considered the reports on the status of loan facilities granted to subsidiaries and made recommendation to the Board on next steps. • Reviewed and recommended to the Board the approval of loan facilities for subsidiaries. • Reviewed the total debt (inter-company loans and external borrowing) of Dangote Cement's subsidiaries. • Deliberated on the effect of regulatory changes on the working capital management of subsidiaries across Africa. • Reviewed payment of inter-company loans and the current loan portfolio of the Company.
External audit	• Considered the Auditor's report and management letter including outstanding issues, judgements and estimates, significant audit risks and risk management and internal controls systems. • Reviewed the letter of representation presented by the Group Chief Financial Officer and recommended the letter to the Board for approval.
Dividend payment	• Discussed the different scenarios for dividend payout and decided on the amount of the dividend to recommend to the Board with respect to the 2015 financial year.
Budget	• Reviewed the annual Budget for recommendation to the Board for approval. Key indices included sales target that showed a volume increase above 2015, achievable through market penetration and increased sales volumes by exports into Pan-African countries; finance and cash costs.
Budget monitoring	• Reviewed the quarterly and full-year performance of the Group against the approved Budget. • Ensured the performance of the Company was within Budget and properly challenged Management on Budget performance at every meeting.
Expenditure on Corporate Social Responsibility	• In furtherance of the mandate given to management to develop a Corporate Social Responsibility Policy and Plan, the Committee reviewed the CSR initiatives of the Group in 2016 aimed at enriching the host communities where the company has operations across Africa, with a view to increasing awareness and achieving model corporate citizenship.
Cost reduction measures	• Having regard to the state of the Nigerian economy, the Committee adopted direct sourcing of materials and deployment of self-owned trucks in exports as initiatives towards cost reduction and maintaining profitability.

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Committee activities during 2016	
Key matter considered	**Committee actions**
Credit ratings	• Upon the recommendation of the Committee, the Company was rated by Moody's and Standard and Poor's and received the highest standalone ratings achieved by a Nigerian company. The rating is a reflection of the inherent strength of the business as well as the rating agencies' belief in the Company's strategy, robust governance and conservative financial policies.
Regulatory compliance	• Monitored and responded to changes in regulatory environment. In that regard, they established appropriate structures, education and training and communication and measurement of key performance indicators relevant to compliance; detecting potential breaches and taking appropriate actions to ensure non-occurrence. • Provided updates on international compliance, and noted key risks and mitigating actions, and the continued support from Head Office to the subsidiaries
SAP ERP	• Authorised the roll-out of SAP ERP, an Enterprise Resource Planning system, which incorporates the key business functions of an organisation. This has been successfully deployed to subsidiaries across Africa.
Risk management	• Reviewed and satisfied itself that the various structures, polices and programs established and implemented in the company were sufficient to manage and mitigate financial risk in the Company's business.
Investments	• Reviewed and made recommendation to the Board on matters pertaining to major investments, acquisitions, divestitures, joint ventures or similar transactions, and encouraged management to develop policies to guide such transactions.

Other key matters considered

Significant issues in relation to the financial statements considered by the Committee during the year include:

- Pricing strategy and impact on revenue and profits
- Tax impact and tax exemption status of entities within the Group, and total tax liability of the Group
- Consideration of the increase in non-current assets and the appropriateness of the capitalisation of significant expenditures
- Review of the carrying amount of Group assets including any potential impairment loss to be recognised during the year
- Review of receivables for impairment and revalidation of the Group's "cash and carry" sales model (except for a few credit customers who are backed with bank guarantees), which has historically minimised losses on receivables
- Review of the currency hedging strategies, FX exposures and management-proposed actions to mitigate FX exposures and their impacts on the Company's finances
- Review the effect of inflation on the activities of the company and deliberate future economic outlook.

In addition, the Committee assessed cash flow projections and compared these with cash balances and committed facilities available to enable them to recommend that it was appropriate to adopt the Going Concern basis for the preparation of the financial statements. The Committee also deliberated and recommended focus and financial strategy to the Board, identified the current national threat and satisfied itself of the Company's level of preparedness and areas for improvement for 2017.

I am satisfied that the Committee, working closely with senior management and the external auditors, has carried out its duties effectively and to a high standard in 2016. Going forward, we will also focus on the effectiveness of the finance function including ensuring adequate protection of the company's financial assets.

Olusegun Olusanya
Chairman of the Finance & General Purpose Committee
27th February, 2017

TECHNICAL & OPERATIONS COMMITTEE REPORT

Fidelis Madavo
Chairman of the Technical and Operations Committee

"The Technical & Operations Committee has an independent role assessing project viability and other technical and operational matters."

The Technical and Operations Committee has an independent role with accountability to the Board. It does not assume the functions of management, which remain the responsibility of the Executive Director, Officers and other members of senior management.

Composition

The Committee is composed of seven members of whom six are Non-Executive Directors and one is an Independent Non-Executive Director.

Biographical details of each member of the Committee, including relevant qualifications and experience are set out in pages 86 to 89 of this report. The Company Secretary is the Secretary to the Committee.

The Board has assured itself that the members of the Committee have the requisite knowledge, skill and experience to effectively discharge their duties.

The Group Chief Executive Officer and other members of executive management are often in attendance to provide necessary information and support to the Committee, and give status updates on decisions from previous meetings.

Responsibilities

The Committee assists the Board in fulfilling its oversight responsibilities regarding the following:

- Review project feasibility to determine and consider viability of planned expansion projects in Nigeria and elsewhere
- Review the technical scope of plant projects including risk assessment and the quality management plan and make recommendations to the Board as to needs or issues arising
- Review the status of projects according to agreed scope, schedule, project milestones and KPIs, and where there are delays or variations, probe management to understand root causes and mitigate against such in the future
- Review safety, health and environmental performance and improvement plans
- Review operational, staffing and commissioning readiness plans including projects not under the Group's direct control
- Monitor the production budget, standards, raw material supplies, energy and key performance indicators per plant
- Review asset/plant care policy and performance (preventative/breakdown, unit and plant reliability/availability and costs)

TECHNICAL & OPERATIONS COMMITTEE REPORT

- Ensure effective technical, research and development programs to enable continuing innovation and improvement across the Group
- Oversee the development and implementation of Corporate Social Responsibility and community programs in plant and business locations where we operate in Nigeria and throughout the rest of Africa

The reports of the Committee are presented to the Board after each Committee meeting, providing the Board with summaries of discussions and its recommendations for the consideration of the Board.

In the financial year ended 31st December 2016, the Committee held four meetings. The meeting dates as well as attendance record is shown on the table below.

Members and meeting attendance				
Director	**22/02/16**	**12/04/16**	**26/07/16**	**25/10/16**
Fidelis Madavo (Chairman)	✓	-	-	✓
Olakunle Alake	✓	-	✓	✓
Abdu Dantata	✓	✓	✓	✓
Ernest Ebi	✓	✓	✓	✓
Devakumar Edwin	✓	✓	✓	✓
Joseph Makoju	✓	✓	✓	✓
Douraid Zaghouani	✓	✓	✓	✓

Committee activities during 2016	
Key matter considered	**Committee actions**
Operational performance review	Quarterly reports on the operational performance of the plants were presented to the Committee for consideration. The reports covered the following: • Plant production volumes and key performance indicators per plant every quarter. • Rate of dispatch of products from plants to customers and depots. • Fuel and gas usage at the plants including operational efficiencies. • Progress update on the Coal Mill Project. • Operational cost and variance analysis report. • Production and sales demand. • Organisational restructuring at major plants. • Proposal on cost control mechanisms presented by management. • Update on technical research and development, including recruitment of key staff.
Transport strategy	The Committee received and considered reports related to transport management and efficiency. The reports included information on: • Measures to contain and reduce accident rates. • Effective surveillance and monitoring of the truck fleet. • Incentive measures for good drivers. • Provision of adequate truck park facilities. • Safety policies for transport across the Group.
Projects review	Reports on existing projects, both greenfield and brownfield, were considered by the Committee. The reports included information on: • Construction status of projects and production dates. • Commissioning status and plan. • CAPEX reports on projects. • Project issues and resolution.

TECHNICAL & OPERATIONS COMMITTEE REPORT

Committee activities during 2016	
Key matter considered	**Committee actions**
Projects review	• Key project decisions for the Committee's resolution. • Contract arrangements and review. • Business case for remodeling, reconstruction or renovation. • Lease arrangement and agreements. • Business registration status. • Status of mining license arrangements. • Limestone exploration reports.
Health, safety and environmental (HSE) matters.	HSE reports were monitored and compared for all plants within the Group including those of pan-African operations. The activities of the Committee in this regard included the following: • Establishment of safety performance indicators for the plants. • Review of incident reports, including details of causes, intervention activities, impact on production and remedial actions. • Review of incident frequency reports and impact on operations. • Received information on safety initiatives during the period, including summary on safety inductions/ training, safety committee meetings, HSE department activities. • Safety performance report for operating plants. • Instructed management to adopt the following going forward: - Improve reporting protocols of fatal accidents; - Include historical data in health, safety and Environment reports. - Benchmark HSE reports with industry. - Compare HSE reports across the Group. • Agreed HSE improvement actions: - Engagement of a HSE Director to enforce the Company's policy of 0% rate of accidents at the plants and increase safety measures; - Launch and implementation of a 10-point Safety Improvement Plan at all plants. - Installation of more sophisticated and technologically advanced equipment. - Enhancement of security measures and enforcement of standard operating procedures. - Intensified safety trainings and workshops and increased safety awareness through simulations, drills, dialogues, signals and signboards. • Review and approval of safety manual.

Focus for 2017

As the Company does not plan to open new plants in 2017 the Committee's main role will be to ensure the following:

- Operational efficiencies and plant optimisation initiatives are implemented across operations to achieve cost savings
- Production targets across the Group are met
- Health, Safety and Environment policies are enforced and monitored across the Group
- Sustainability strategy and policies are implemented and monitored across the Group
- Plans for new plants are fully considered

Fidelis Madavo

Chairman of the Technical and Operations Committee

27th February, 2017

NOMINATION COMMITTEE REPORT

Aliko Dangote
Chairman of the Nomination Committee

The Nomination Committee was established in 2014 to assist the Board in discharging its responsibilities in relation to the composition of, and matters relating to, the Board and Senior Executive team.

Composition

The Nomination Committee includes one Non-Executive Director and three Independent Non-Executive Directors. I serve as the Chairman of the Committee by virtue of my position as the Chairman of the Board. Members of the Committee have extensive board, management and leadership experience across a wide range of companies.

Biographical details of each member of the Committee, including relevant qualification and experience are set out in pages 86 to 89 of this report. The Company secretary is also the Secretary to the Committee.

The Board appointment process

The Nomination and Establishment Committee leads the process for identifying and recommending the appointment of new Directors with a clear understanding of the attributes and values required to help the effective functioning of the whole Board. The Committee conducts an extensive search for prospective candidates with appropriate skills and qualifications for specified directorship.

In 2016, the Nominations committee had particular focus on gender diversity, following a Board review in 2015 that acknowledged the need for diversity in its composition and in particular, that there should be a strong representation of women.

It was in that regard that the Committee recommended the appointment of Dorothy Udeme Ufot (SAN), as an Independent Non-Executive Director of the Company, following a rigorous selection, interview and validation process. She became the first woman to serve on Dangote Cement's Board and brings formidable legal skills, advocacy and business insights that will strongly enhance the Company's governance.

Her selection was influenced by the fact that as one of Nigeria's most experienced legal practitioners, with more than 26 years' experience in commercial litigation and arbitration. She has a balance of skills, knowledge and experience that we regard as essential for membership of our Board.

I am pleased to say her appointment represents a positive step forward in our goal to improve the diversity and functioning of our Board. Additionally, because she is appointed as an Independent Non-Executive Director of the Company, the Board through the Committee have taken steps to satisfy itself that she is independent in character and judgement, and there are no circumstances which are likely to affect, or appear to affect, her performance and judgement as a director.

Meetings

The Committee met three times in 2016. When required, the meetings of the Committee were attended by appropriate Senior Executives of the Company (such as the Group Chief Executive Officer, Group Chief Financial Officer, General Manager of Human Resources and Company Secretary), as well as external advisers upon invitation.

NOMINATION COMMITTEE REPORT

Members and meeting attendance			
Director	**29/02/16**	**19/04/16**	**26/10/16**
Aliko Dangote (Chairman)	✓	✓	✓
Ernest Ebi	✓	✓	✓
Emmanuel Ikazoboh	✓	✓	✓
Fidelis Madavo	✓	✓	✓
Olusegun Olusanya	✓	✓	✓

Responsibilities

The Committee has responsibility to ensure that:

- The Board has the appropriate composition for it to execute its duties effectively
- The establishment of a formal process for the selection and appointment of directors, including Identification of suitable members of the board
- Performance of reference and background checks of candidates prior to nomination
- The appointment of Directors is formalised through an agreement between the company and the director
- A formal induction programme for new directors is developed and implemented and reviewed regularly in line with best practice
- Ongoing training and development of directors take place
- Formal succession plans for the board, chief executive officer and senior management appointments are in place
- Inexperienced directors are developed through a mentorship programme and oversee the development and implementation of continuing professional development programmes for directors
- Directors receive regular briefings on changes in risks, laws and the environment in which the Company operates
- The performance of directors is evaluated and assessed appropriate steps taken to remove directors who do not make an appropriate contribution
- Ensure that formal succession plans for the board, chief Executive officer and senior management appointments are developed and implemented, and search for suitable replacements when necessary

Reconstitution of Subsidiary Boards:

The Committee also recommended the reconstitution of the Subsidiary Boards, in compliance with regulatory and governance changes in the countries where the subsidiaries are located.

Going forward, the Committee is committed to further gender diversification with a stronger representation of women on the Board. Emergency succession planning is also an important area of discussion for the Committee, ensuring the business develops a framework with clearly identified individuals capable of covering key management roles on an interim basis. All these individuals then receive the necessary coaching to ensure they have the required skills to provide any critical support when needed.

Development for directors and high performing individuals below Board level has been an essential area of focus. Coaching and mentoring is provided to develop and enhance specific skill sets, and the Committee believes the benefits of this approach are critical for developing our own talent for the future.

Aliko Dangote

Chairman of the Nomination Committee

27th February, 2017

REMUNERATION REPORT

Emmanuel Ikazoboh
Chairman of the Remuneration and Governance Committee

"The Company's Remuneration Policy reflects our desire to sustain long-term value creation for our shareholders."

In this report I describe our remuneration practices and policies and disclose the remuneration paid to Directors in 2016 and the proposed remuneration arrangements for 2017.

I also explain how the remuneration policy is aligned with the short-term objectives and long-term strategy of Dangote Cement.

The report is split into three main areas: the statement by the Chairman of the Remuneration and Governance Committee, the Remuneration Policy Report and the Annual Report on Remuneration.

The Board has established a remuneration framework for Executive and Non-Executive Directors, which takes cognizance of the relevant Codes of Corporate Governance in Nigeria as well as leading governance practices with a view to ensuring adherence to the highest standards of Corporate Governance.

The Remuneration Policy reflects our desire to sustain long-term value creation for shareholders, and aims to:

- Attract and retain people with integrity, ability, skill and experience to deliver the Group's strategy
- Motivate Directors to pursue and promote balance between the short-term and long-term growth of the Group while maximising shareholders' returns
- Ensure that remuneration arrangements are equitable, transparent, well communicated and easily understood, aligned with the interest of shareholders and adequately disclosed
- Align individual rewards with the Company's performance, the interests of its shareholders, and a prudent approach to risk management
- Promote compliance with global regulatory trends and governance requirements, with an emphasis on long-term sustainability

Dangote Cement ensures that the performance goals of Directors are aligned to shareholder interest to ensure that Directors make prudent decisions in deploying the Group's resources to generate sustainable growth.

The performance-based incentive programs for the Executive Management are aligned to individual performance and the overall performance of the Company, and this drives a high-performance culture that rewards individual contributions and the achievement of business results that enhance shareholder value.

REMUNERATION REPORT

There were no changes to the remuneration structure of the Non-Executive Directors during the year under review. Details of the remuneration paid to Directors in 2016 can be found on pages 127 to 128.

Additionally, the Remuneration and Governance Committee, in accordance with good governance and in line with UK Code (provision D.1), developed an Executive Management Performance Incentive Policy, focused at Senior Executives to ensure that they are performance-based and align with the short-term and long-term success goals of the Company.

The policy defines a transparent procedure for encouraging and stimulating enhanced performance in a way that will increase profitability and sustainability of the Company. It provides challenging but achievable goals to drive towards the vision and strategy of the Company, focuses on increased accountability through providing clarity around what is measured and how (weightings against performance categories), and emphasises the way that business should be conducted by incorporating executive leadership and corporate values into the performance management process. This is consistent with Section 5.3 of the SEC Code.

Composition of the Committee

The Remuneration and Governance Committee consists of four Non-Executive Directors and four Independent Non-Executive Directors. This composition is in compliance with Section 11.1 of the SEC Code and the UK Code (provision D.2.1).

In compliance with Section 14.3 of the SEC Code, only Non-Executive Directors are involved in decisions regarding the remuneration of the Group Chief Executive Officer.

The SEC Code requires the Remuneration Committee to consist only of Non-Executive Directors while the UK Code provides for at least two Independent Non-Executive Directors as members of a Remuneration Committee. I serve as the Chairman of the Committee by virtue of my position as an Independent Non-Executive Director.

The Board has satisfied itself that members of the Committee have the requisite knowledge, skill and experience to function effectively.

Biographical details of each member of the Committee, including relevant qualification and experience are set out in pages 86 to 89 of the Corporate Governance Report. The Company Secretary is also the Secretary to the Committee.

The Group CEO, Group CFO, Group Chief Human Resources Officer and Company Secretary are regularly consulted and are in attendance at the Committee meetings when required to provide information.

Roles and responsibilities

The principal role of the Remuneration and Governance Committee, in relation to remuneration, is to assist the Board with the following:

Membership and meetings

Director	22/02/16	12/04/16	20/07/16	20/10/16
Emmanuel Ikazoboh (Chairman)	✓	✓	✓	✓
Sani Dangote	✓	✓	✓	✓
Abdu Dantata	✓	✓	✓	-
Ernest Ebi	✓	✓	✓	✓
Devakumar Edwin	✓	✓	✓	✓
Joseph Makoju	✓	✓	✓	✓
Olusegun Olusanya	✓	✓	✓	✓
Dorothy Ufot	n/a	n/a	-	✓

REMUNERATION REPORT

Composition and function of Board committees

- Establish the criteria for board and board committee memberships, review candidates' qualifications and any potential conflicts of interest, assess the contribution of current directors in connection with their re-nomination and make recommendations to the Board
- Prepare a job specification for the Chairman's position, including an assessment of time commitment required of the candidate
- Periodically evaluate the skills, knowledge and experience required of the Board
- Make recommendations on experience required by Board committee members, committee appointments and removal, operating structure, reporting and other committee operational matters

Remuneration

- Make recommendations on the amount and structure of the remuneration of the Chairman and Non-Executive Directors of the Board to ensure that remuneration is fair and competitive
- Ensure that the Group's Remuneration Policy and structure is fair and sufficient to attract and retain high calibre staff to the Group
- Recommend to the Board, the terms, conditions and remuneration of senior executives including performance incentives
- Ensure proper disclosure of Directors' remuneration to the Shareholders
- Provide input to the Annual Report of the Company in respect of Directors' compensation

Performance management

- Review and agree, at the beginning of the year, the Key Performance Indicators (KPIs) for the Group CEO and senior executives
- Assess performance of the Group CEO against the agreed KPIs and provide feedback thereon
- Ratify the performance appraisal of senior executives on the recommendation of the Group CEO
- Ensure that the performance and effectiveness of individual Directors, Board and Board Committees are reviewed annually

Human resources

- Ensure that succession policies and plans exist for the positions of Chairman, Chief Executive Officer, Executive Directors and the Managing Directors of subsidiary companies;
- Periodically review and make recommendations to the Board on the Group's organisational structure and any changes thereto
- Periodically review and make recommendations on the Group's key human resource policies
- Periodically review and make recommendations on recruitment, promotion and disciplinary actions for senior management staff

Governance

- Periodically recommend the preparation and adoption to the Board governance policies in line with regulatory compliance and best practice
- Periodically review existing policies in line with changes in the regulatory and governance environment and make recommendations to the Board for amendments thereto
- Ensure that the Board conducts a Board evaluation on an annual basis
- Review the performance and effectiveness of the subsidiary company Boards on an annual basis where applicable

Generally, the Committee is responsible for satisfying itself, on behalf of the Board of Directors, that the Company's leadership development, talent planning , organisation structure and compensation strategies, plans, policies and practices are internally aligned and consistent with the sustainable achievement of the Company's business objectives, the prudent management of its operations and risks including regulatory oversight as required, and adherence to its processes, policies, procedures and controls.

Committee activities during 2016

In addition to the activities set out in the schedule on page 123, the Remuneration and Governance Committee has completed the performance evaluation of the Group CEO and senior executives for the 2016 financial year, and agreed the KPIs for 2017.

REMUNERATION REPORT

Key matter considered	Actions taken by Committee
Human resources	The Committee received regular reports and updates on headcount, training programs, promotion, payroll cost and administration, comparative salary analysis, recruitment and disengagement of staff in key positions across the Group.
Succession planning	The Committee has focused on succession planning and culture, assessing the Executive, Non-Executive and Senior Executive succession pipeline, and identifying what skills are needed to support our strategy and business for the long-term. Board and Senior Executive succession has been a regular feature of Committee discussions during the course of the year and this has culminated in the development of a Succession Planning Policy, which is described on page 81.
Staff and executive compensation	Following the comparative salary analysis commissioned by the Committee during the year, with similar industries as benchmark, the Committee has noted the gap between compensation/benefits of junior and senior staff and are working on reviewing the compensation structure.
Inflation and compensation	The Committee received regular reports and is currently reviewing the effect of inflation and Nigerian economic situation on payroll increase.
Organisational structure	The Committee is currently reviewing the organisational structure across the Group.
Complaints Management Policy	This Policy was developed in line with the requirements of the Securities & Exchange Commission's Rules Relating to the Complaints Management Framework of the Nigerian Capital Market ("SEC Rules"). It defines a transparent procedure for receiving, responding, monitoring and resolving complaints and enquiries from shareholders of the Company.
Health and Safety, Environmental and Corporate Social Policy	This policy was developed in recognition of the health and safety of workforce and stakeholders. The Policy seeks to comply with applicable laws, understand and continuously improve on health, welfare and social welfare initiatives.

Remuneration Policy

The Remuneration Report describes the Board's policy on remuneration and how the policy was applied during the year. This report also notes the Executive Management Performance Incentive Policy which is a Long-Term Incentive Compensation Policy for Senior Executives contained that will be implemented during 2017.

The Company's Remuneration Policy has been designed to take into account the environment in which the Group operates and the results it achieves.

The policy takes cognisance of the relevant Codes of Corporate Governance in Nigeria as well as leading governance practices with a view to ensuring adherence to the highest standards of Corporate Governance.

This policy reflects the Group's desire to sustain long-term value creation for shareholders with five overall objectives in mind:

- To attract and retain people with integrity, ability, skill and experience to deliver the Group's strategy
- To motivate senior executives to pursue and promote balance between the short-term and

long-term growth of the Group while maximising shareholders' returns
- To ensure that remuneration arrangements are equitable, transparent, well communicated and easily understood, aligned with the interest of shareholders and adequately disclosed
- To align individual rewards with the Group's performance, the interests of its shareholders, and a prudent approach to risk management
- To promote compliance with global regulatory trends and governance, with an emphasis on long-term sustainability.

It is the Company's policy to define criteria and mechanisms for determining levels of remuneration and the frequency of the review of these criteria.

Our policy also ensures that senior executives' remuneration is linked to Group and individual performance in line with section 5.3 (g) of the SEC Code and the UK Code of Corporate Governance. The Remuneration and Governance Committee has been charged with the responsibility of leading the process for determining the remuneration of Senior Executives and Non-Executive Directors.

Senior Executives	
Competitive remuneration	Remuneration and reward strategies are set at levels that enable the Group to attract, motivate and retain the right skills required to efficiently manage the operations and growth of the business.
Attraction and retention	Salaries for Senior Executives are set at a level to attract and retain high-calibre executives with international experience that will benefit the Company and its operations.
Performance-related	Annual performance goals of Senior Executives shall be aligned to shareholder interest. This is to ensure that Senior Executives make prudent decisions in deploying the Group's resources to generate sustainable growth. The Group's performance-based incentive programs for the executive management shall be aligned to individual performance and the overall performance of the Group. This approach drives a high performance culture that rewards individual contributions and the achievement of business results that enhance shareholder value. Senior Executives can earn an annual bonus of up to 25% of their base salary, depending on the achievement of agreed corporate and personal objectives.
Long-term	The remuneration structure will be designed to reflect the long-term nature of Dangote Cement's business while balancing risks and reward. The performance period for this long-term component will typically run for three years, with the Executive not receiving any bonus until the end of the performance period. The structure of the long-term incentive is under consideration at present.
Fairness	Dangote Cement will regularly benchmark its remuneration practices against international peer organisations whose business profiles are broadly similar to that of the Group, using remuneration surveys, peer reviews etc. This will ensure that the overall pay takes into cognisance both the external environment as well as the Group's conditions at any point in time.

REMUNERATION REPORT

Non-Executive Directors	
Competitive remuneration	Remuneration will be set at levels that enable the Group attract, motivate and retain world-class talent with the right skills required to effectively oversee the operations and growth of the business. The Group will regularly benchmark its remuneration practices against other international organisations whose business profiles are broadly similar to ours, using information gathered from remuneration surveys, peer reviews etc.
Fixed	Remuneration will be determined fixed for each year and will be payable periodically throughout the year.
Transparency	The Group will maintain a transparent remuneration process that includes adequate consideration and approval of remuneration payable by the Company's shareholders.

The Committee will continue to monitor the Remuneration Policy's alignment with the Group's business priorities and objectives, whilst ensuring that the remuneration framework continues to motivate, reward and retain our senior management in order to deliver the Company's strategy in the most effective manner.

Elements of remuneration

Senior Executives (including the Group Chief Executive Officer)			
Element	**Purpose and link to strategy**	**Objectives**	**Operation**
Basic pay	This is a fixed salary, which is not dependent on performance. It comprises basic pay and all cash allowances paid to the Executive.	To attract and retain talent in a competitive international market.	Salaries for all roles are determined with reference to applicable relevant market practices and benchmarks. Payment to be made monthly.
Short-term performance incentive	This represents the pay-at-risk that is pay is contingent on the achievement of agreed performance indicators. It includes the established and incidental payouts from the annual incentive scheme.	To motivate and reward the delivery of annual goals at the Group and individual levels. To reward contributions to the short to mid-term performance of the Group and demonstrated potential for any future contribution.	Senior Executives' annual performance incentives will be evaluated against the performance metrics defined in their approved individual balanced scorecard. Payment in March, following approval of the accounts by the Board in February.

REMUNERATION REPORT

Senior Executives (including the Group Chief Executive Officer)			
Element	**Purpose and link to strategy**	**Objectives**	**Operation**
Long-term performance incentive	This is designed to improve long-term performance of the Group by aligning with the interests of the Senior Executives.	To reward sustained growth in shareholder value.	The structure of the long-term incentive is under consideration at present.
Benefits and perquisites	These are the non-monetary forms of compensation provided to the Executives.	To reflect the market value of individuals and their role within the Group. To aid retention and remain competitive in the marketplace.	Review periodically in line with the individual contract of employment. Includes accomodation, company car (and related benefits), club and professional membership subscription, air travel tickets, per diem, medical insurance and life assurance.

Non-Executive Directors		
Element	**Objectives**	**Operation**
Directors' fees	To attract individuals with relevant skills, knowledge and experience.	Reviewed every two years and changes made on need basis subject to shareholder approval at the Annual General Meeting. Payment to be made quarterly or annually.
Sitting allowances	To recognise the responsibilities and contributions of the Non-Executive Directors on the Board. To encourage attendance and participation of Non-Executive Directors at designated committees assigned to them.	Reviewed every two years with changes subject to shareholder approval at the Annual General Meeting. Payment made per meeting.
Other allowances	To cover costs incurred in carrying out the Directors' duties.	Review every two years subject to the approval of the Board. Payment made as required.

REMUNERATION REPORT

Annual performance incentive, 2016

In accordance with the Group Remuneration Policy set out in this report, incentives awarded to the Group CEO and Senior Executives are based on the performance of the Group and on their individual performance. At the beginning of the year, the Committee set operational targets consisting of a number of key performance indicators (KPIs) covering both financial and non-financial measures of performance for the Group CEO and Senior Executives.

In respect of the 2016 financial year, it was agreed by the Committee that an award was appropriate, having reviewed the Group's performance and the performance of the executive team against the overall performance of the Group in 2016 and the KPIs set at the beginning of the year. In particular, some of the significant achievements in 2016 included:

- Improvement in sales and market share in key Nigerian market
- Achievement of profit targets
- Completion of project to diversify kiln fuel sources in Nigeria, away from expensive LPFO
- Improvements in sales and market shares in Pan-African operations
- Opening new operations in Tanzania with good gains in market share
- Achievement of agreed personal objectives

The total amounts for Directors' remuneration for the year ended 31st December, 2016 including comparative figures for the year ended 31st December 2015 are as follows:

Executive Directors:								
	Basic salary		**Directors' fees & sitting fees**		**Benefits & perquisites ₦'000**		**Total emoluments**	
	2016	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Group CEO								
Onne van der Weijde*	260,000	183,333	8,506	-	35,356	24,213	303,862	207,546
Devakumar Edwin**	-	2,500	-	-	-	1,883	-	4,383
Total	**260,000**	**185,833**	**8,506**	**-**	**35,356**	**26,096**	**303,862**	**211,929**

*Appointed Group CEO on 2nd February 2015.
**Resigned as Group CEO on 31st January 2015

REMUNERATION REPORT

Non-Executive Directors:								
Name of Director	Director fees		Sitting allowances		Other allowances		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Aliko Dangote	5,000	5,000	6,967	3,400	15,085	12,795	27,052	21,195
Olakunle Alake	4,000	4,000	10,020	8,000	14,337	12,062	28,357	24,062
Sani Dangote	4,000	4,000	9,270	7,300	14,337	12,062	27,607	23,362
Abdu Dantata	4,000	4,000	4,400	5,200	14,337	12,062	22,737	21,262
Ernest Ebi	4,000	4,000	11,270	9,250	20,537	18,262	35,807	31,512
Devakumar Edwin	4,000	4,000	10,670	8,700	14,337	12,062	29,007	24,762
Emmanuel Ikazoboh	4,000	4,000	11,088	8,550	20,537	18,262	35,625	30,812
Fidelis Madavo	4,000	4,000	9,570	7,850	14,337	12,063	27,907	23,913
Joseph Makoju	4,000	4,000	7,220	5,200	14,337	12,062	25,557	21,262
Olusegun Olesanya	4,000	4,000	11,138	8,650	20,537	18,262	35,675	30,912
Dorothy Ufot	4,000	-	4,120	-	4,700	-	12,820	-
Douraid Zaghouani	4,000	4,000	7,270	3,350	14,337	12,063	25,607	19,413
Khalid Al Bakhit *	-	-	-	700	-	-	-	700
Total	**49,000**	**45,000**	**103,003**	**76,150**	**181,755**	**152,017**	**333,758**	**273,167**

*Sitting fees paid prior to resignation in April 2015

Annual fees for Directors	2016	2015
Position	**(₦'000)**	**(₦'000)**
Chairman	5,000	5,000
Non-Executive Directors (Board related)	4,000	4,000
Committee chairmanship	400	400
Committee membership	350	350

Proposed Non-Executive Director fees

The proposed fees for Non-Executive Directors will be presented to shareholders during the Annual General Meeting for their consideration. In line with Section 14.6 of the SEC Code, the Board has fixed the remuneration of Non-Executive Directors, as shown above for shareholders' approval. It is proposed that Directors' fees will remain at the same amount as paid in 2016.

Directors' interests

The interests in the ordinary shares of the Company of Directors who held office during the period 1st January, 2016 to 31st December, 2016, are set out in the Report of the Directors on page 94.

Emmanuel Ikazoboh

Chairman of the Remuneration and Governance Committee

27th February, 2017

COMPLIANCE WITH SEC DISCLOSURE REQUIREMENTS

Overview

At Dangote Cement, we aspire to maintain high standards of corporate governance, both at Board level and throughout the Group. Increasingly, good governance includes the consideration of our impacts on society and the environment and whether we are operating in a sustainable way.

We aim to comply with, and exceed where practicable, all applicable legislation, regulations and codes of practice as they relate to sustainable operations. We will integrate sustainability considerations into all our business decisions, ensure that our staff, clients and suppliers are fully aware of our Sustainability Policy. We are committed to implementing and improving the Sustainability Policy across all office and site activities. In commitment to this, we aim to comply with the provisions of the SEC's National Code of Corporate Governance ('the Code') throughout 2017 and will progressively act in accordance with the Code's Sustainability provisions highlighted in Section 28 & 32 respectively.

Compliance by the Company with each principle and provision of the Code on Sustainability Issues is set out below.

SEC's Code of Corporate Governance For Public Companies	Dangote Cement Compliance Statement
Dangote Cement should pay adequate attention to the interests of its stakeholders such as its employees, host community, the consumers and the general public. Dangote Cement should demonstrate sensitivity to Nigeria's social and cultural diversity and should as much as possible promote strategic national interests as well as national ethos and values without compromising global aspirations where applicable.	• We recognise our commitment to our employees and workforce. As a result, we strive to respect the dignity of our employees and their rights to decent working conditions. • We aim to have community stakeholder engagement plans in place which will allow us implement our journey towards sustainable development.
Dangote should recognise corruption as a major threat to business and to national development and therefore as a sustainability issue for businesses in Nigeria. Companies, Boards and individual directors must commit themselves to transparent dealings and to the establishment of a culture of integrity and zero tolerance to corruption and corrupt practices.	• Dangote Cement is committed to fighting bribery and corruption in all high – risk countries where we operate. • We have an Anti-bribery and Anti-Corruption Policy which is part of the overall Anti-Fraud Compliance Programme. It aims to align with all relevant acts, codes, laws, guidelines and policies designed to prevent, detect and respond to issues of corruption and bribery. • The Policy demonstrates the Company's zero tolerance for all forms of fraud including but not limited to bribery, corruption, asset misappropriation and financial statement fraud. • Details of this has been included in the Corporate Governance Section of the Annual Report.

COMPLIANCE WITH SEC DISCLOSURE REQUIREMENTS

The Board of Dangote Cement should report annually on the nature and extent of its social, ethical, safety, health and environmental policies and practices. Issues should be categorised into the following levels of reporting:	• The Board of Directors is committed to promoting sustainability. Concern for the environment and promoting a broader sustainability agenda are integral to the Company's professional activities and the management of the organisation. • Our compliance with these provisions is stated in a – i below.
a. Disclosure of Dangote Cement's business principles and codes of practice and efforts towards implementation of same;	• These are outlined in the Corporate Governance Report of this Annual Report.
b. Description of workplace accidents, fatalities and occupational and safety incidents against objectives and targets and a suitable explanation where appropriate;	• The Company continuously strives to improve its operations to ensure a safe working environment. Safety and environment workshops are organised for all senior employees with a broad focus on good housekeeping to ensure good and safe working environment. Firefighting and prevention equipment are installed in strategic locations in the offices and plants. • We place health and safety at the centre of everything we do. Our aim is zero harm, and we act to improve the health of employees, contractors, third parties, and communities. Our target is to achieve zero accident. • The work place accidents monitoring and reporting we have include: i. Lost time accidents; ii. Fatal accidents; • In line with Company policy, any accident or injury sustained by any employee in the course of executing his/her work must be reported immediately to his/her immediate supervisor, who will ensure that appropriate medical attention is given to such an employee. • All employees are expected to abide by the company's Safety Policy which emphasises that employees must make use of the protective equipment provided for their use during the working hours. • Employees are not allowed to operate any machine/equipment unless they have been trained to do so and have been authorised by their supervisor.

COMPLIANCE WITH SEC DISCLOSURE REQUIREMENTS

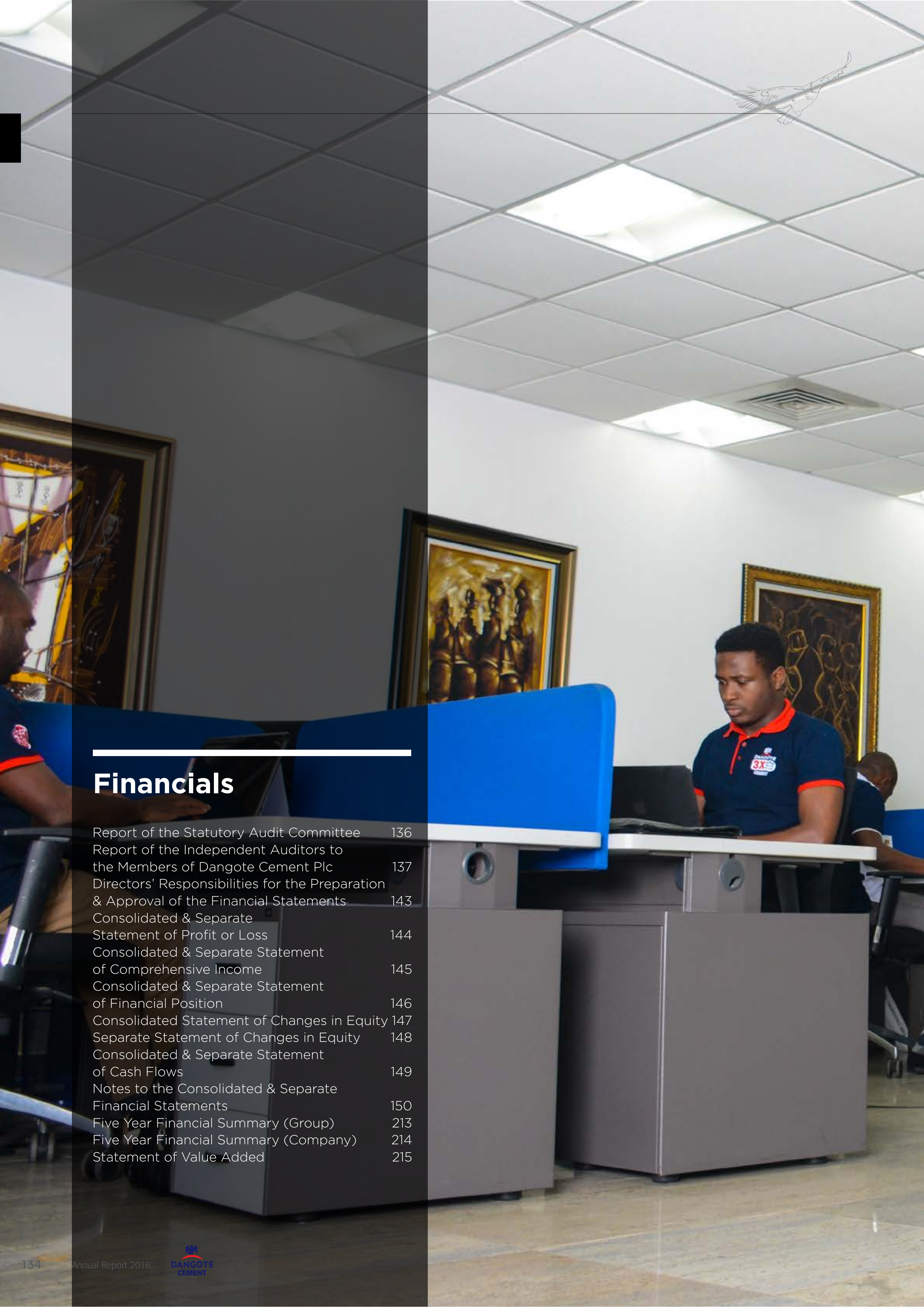
c. Disclose Dangote Cement's policies, plans and strategy of addressing and managing the impact of HIV/AIDS, malaria and other serious diseases on the Company's employees and their families;	• We have a policy on HIV/AIDs, which will be applicable and implemented across the Company and all subsidiaries. • We do not discriminate against staff with HIV/AIDs or any other ill health. Periodic medical tests are conducted on staff and all ailing staff are treated in the company's in-plant medical clinic or referred to company retained hospitals. They are allowed to return to their duties as soon as they are fit in line with a medical report.
d. Application, in Dangote Cement's operations, of options with the most benefit or least damage to the environment, particularly for companies operating in disadvantaged regions or in regions with delicate ecology in order to minimize environmental impact of the Company's operations;	• We will ensure that the adverse impact of its operations is minimal on the environment. • Our plants are designed to perform at better than European standards of emissions, dust control and noise abatement. As outlined elsewhere in this report, we plan to introduce global standards of sustainability reporting from the beginning of 2017, so that we measure and disclose key variables such as CO2 emissions, dust control and water usage. • We believe our focus on environmental care will bring advantages as African countries increasingly impose stronger regulations to protect the environment, thus obliging other operators to invest more in pollution control.
e. The nature and extent of employment equity and gender policies and practices, especially as they relate to the executive level opportunities;	• We are developing a gender-balanced and inclusive work environment where diverse talent can thrive and contribute to superior business results. • There is gender employment equity in the company especially at the executive level. There are no discriminatory gender policies and practices. • In line with Company policy, the organisation has equal regard for all its employees irrespective of race, colour, religion, sex or ethnic background. • Suitability for the job position or advancement in the organisation shall be based purely on qualification and merit, job knowledge, relevant experience, analytical/practical skills, good conduct and character, sincerity, hardworking nature and leadership qualities amongst other relevant requirements.

COMPLIANCE WITH SEC DISCLOSURE REQUIREMENTS

f. Information on the number and diversity of staff, training initiatives, employee development and the associated financial investment;	• We believe in unity in diversity and accordingly we seek to employ and retain the best human resources irrespective of disability, gender, race, ethnic origin or religion. We strive to provide employees with an atmosphere that promotes their productivity and develops their potential. • In 2016, the Nomination Committee had particular focus on gender diversity, following a Board review in 2015 that acknowledged the need for diversity in its composition and in particular, the need for a stronger representation of women. • We will champion diversity in our sector and we want to promote equality and diversity at Dangote Cement. • Some of the company's staff training initiatives embarked include: management and soft skills programmes, functional and non-technical skills, employee induction, IT skills, technical skills, health safety & environment amongst others. • In 2016 we continued to roll out the business transformation initiative begun in 2015. This had the HR team embarking on a series of organisational development programs to ensure the achievement of this initiative. • We have embarked on a series of programs that will ensure that our talent pool is adequately developed and retained and also ensure that we attract the best calibre of people. • The Dangote Academy was established in 2010 to provide training in technical and management skills for employees and people wishing to join the Dangote Group of companies. • Key initiatives include the Graduate Engineers Training Scheme (GETS), the Vocational Training Scheme (VTS) and the Junior Technician Scheme (JTS). This is listed in the Section on "Our People" in the Annual Report.
g. Disclosure on the conditions and opportunities created for physically challenged persons or disadvantaged individuals;	• There are no special conditions or opportunities created for physically challenged persons. However the company does not discriminate against physically challenged persons where they prove capable of carrying out the required tasks. • There are some physically changed persons currently in the employment of the company.

COMPLIANCE WITH SEC DISCLOSURE REQUIREMENTS

h. The nature and extent of Dangote Cement's social investment policy; and	• We regard the provision of social investment and charitable donations as an important part of our strategy to maintain good relationships with communities and other stakeholders in all of its operating locations across Africa. • Some of our initiatives are conducted directly by the Company and its staff, some in collaboration with third parties and other organisations, while others are managed by the Dangote Foundation, which is a non-commercial and charitable organisation that focuses on empowerment, education, health and disaster relief on behalf of all companies in the Dangote Group.
i. Disclosure on Dangote Cement's policies on corruption and related issues and the extent of the compliance with the policies and the Company's Code of Ethics.	• This has been reported above and in the Corporate Governance Report.



Financials


DANGOTE
3X
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DANGOTE
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CEMENT

REPORT OF THE STATUTORY AUDIT COMMITTEE

In accordance with Section 359 (6) of the Companies and Allied Matters Act, Cap C20 LFN 2004 and Section 30.4 of the SEC Code, the members of the Statutory Audit Committee of Dangote Cement Plc hereby report as follows:

"We have exercised our statutory functions under Section 359 (6) of the Companies and Allied Matters Act, Cap C20 LFN 2004 and we acknowledge the cooperation of the Board, management and staff in the conduct of these responsibilities. After careful consideration of the report of the external auditors, we accepted the report that the financial statements give a true and fair view of the state of the Group's financial affairs as at 31st December, 2016.

We confirm that:

I. The accounting and reporting policies of the Group are in accordance with legal and regulatory requirements as well as agreed ethical practices

II. We reviewed the scope and planning of audit requirements and found them adequate

III. We reviewed the findings on the management letter prepared by the external auditors and found management responses to the findings satisfactory

IV. The accounting and internal controls system is constantly and effectively being monitored through an effective internal audit function

V. We made recommendations to the Board on the re-appointment and remuneration of the external auditors and also reviewed the provision made in the Financial Statements for the remuneration of the external auditors; and

VI. We considered that the external auditors are independent and qualified to perform their duties effectively.

The Committee therefore recommends that the Audited Financial Statements for the year ended 31st December, 2016 and the External Auditors' report thereon be presented for adoption at this Annual General Meeting."

Robert Ade-Odiachi
Chairman, Statutory Audit Committee
27th February, 2017

Members of the Statutory Audit Committee:
Robert Ade-Odiachi – Shareholder's Representative
Nicholas Nyamali – Shareholder's Representative
Sheriff Yussuf – Shareholder's Representative
Olakunle Alake – Non-Executive Director
Olusegun Olusanya – Independent Non-Executive Director
Emmanuel Ikazoboh – Independent Non-Executive Director

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.

INDEPENDENT JOINT AUDITORS' REPORT TO THE SHAREHOLDERS OF DANGOTE CEMENT PLC

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.

INDEPENDENT JOINT AUDITORS' REPORT TO THE SHAREHOLDERS OF DANGOTE CEMENT PLC

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.

INDEPENDENT JOINT AUDITORS' REPORT TO THE SHAREHOLDERS OF DANGOTE CEMENT PLC

Key Audit Matter	How the matter was addressed in the audit
Reconciliation of Deposit for imports and Advance to Vendors	
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.

INDEPENDENT JOINT AUDITORS' REPORT TO THE SHAREHOLDERS OF DANGOTE CEMENT PLC

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

INDEPENDENT JOINT AUDITORS' REPORT TO THE SHAREHOLDERS OF DANGOTE CEMENT PLC

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

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
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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

		Group		Company	
	Notes	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 150 to 212 and other national disclosures on pages 213 to 215 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 150 to 212 and other national disclosures on pages 213 to 215 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 150 to 212 and other national disclosures on pages 213 to 215 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		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
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 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 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

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 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 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.

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

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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

(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

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 biliion. 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

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.

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

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 ₦'million**	**Pan Africa ₦'million**	**Central Administrative costs ₦'million**	**Eliminations ₦'million**	**Total ₦'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

Segment Results	Nigeria ₦'million	Pan Africa ₦'million	2015 Administrative costs ₦'million	Eliminations ₦'million	Tota ₦'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.

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:

₦		₦	**2016**	**2015**	**2016**	**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:

₦		₦	**2016**	**2015**	**2016**	**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:

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	396	285	215	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.

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**	**92,639**	**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	-

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)
(Loss)/Profit 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)
(Loss)/Profit 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)
Profit/(loss) 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)
Profit/(loss) 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				
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 ₦'million	31-Dec-15 ₦'million	31-Dec-16 ₦'million	31-Dec-15 ₦'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

	Group		Company	
24. Financial liabilities	**31-Dec-16**	**31-Dec-15**	**31-Dec-16**	**31-Dec-15**
	₦'million	**₦'million**	**₦'million**	**₦'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**

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**

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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.

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**

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

	Group & Company	
	31-Dec-16 ₦'million	31-Dec-15 ₦'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 ₦'million	31-Dec-15 ₦'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 ₦'million	31-Dec-15 ₦'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 ₦'million	31-Dec-15 ₦'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)**

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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 ₦'million	31-Dec-15 ₦'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 ₦'million	31-Dec-15 ₦'million	31-Dec-16 ₦'million	31-Dec-15 ₦'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

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.

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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.

	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)

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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.

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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 ₦'million	31-Dec-15 ₦'million	31-Dec-16 ₦'million	31-Dec-15 ₦'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 ₦'million	31-Dec-15 ₦'million	31-Dec-16 ₦'million	31-Dec-15 ₦'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 ₦'million	31-Dec-15 ₦'million	31-Dec-16 ₦'million	31-Dec-15 ₦'million
Minimum lease payments	841	826	706	549

Non-cancellable operating lease commitments	Group		Company	
	31-Dec-16 ₦'million	31-Dec-15 ₦'million	31-Dec-16 ₦'million	31-Dec-15 ₦'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	**31-Dec-15**	**31-Dec-16**	**31-Dec-15**
	₦'million	**₦'million**	**₦'million**	**₦'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.

SHARE CAPITAL HISTORY

	Authorised		Issued and fully paid		Consideration/Remarks
Date	increase	cumulative	increase	cumulative	Cash/Bonus/Others
1992	500,000,000	210,000,000	210,000,000	210,000,000	Cash
2001	-	500,000,000	290,000,000	500,000,000	Cash
2010	9,500,000,000	10,000,000,000	7,000,000,000	7,500,000,000	Bonus
2010	-	-	245,685,184	7,745,685,184	Share Exchange (Merger)
2011	-	10,000,000,000	-	7,745,685,184	No Change
2012	-	10,000,000,000	774,568,578	8,520,253,762	Bonus
2013	-	10,000,000,000	-	8,520,253,762	No Change
2014	-	10,000,000,000	-	8,520,253,762	No Change
2015	-	10,000,000,000	-	8,520,253,762	No Change
2016	-	10,000,000,000	-	8,520,253,762	No Change

NOTICE OF 8TH ANNUAL GENERAL MEETING

Notice is hereby given that the 8th Annual General Meeting (AGM) of Dangote Cement Plc will be held on Wednesday, May 24, 2017, at the Civic Centre, Victoria Island, Lagos at 11.00 a.m. to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To receive the audited Financial Statements for the year ended 31st December, 2016 and the Reports of the Directors, Auditors and the Audit Committee thereon;
2. To declare a dividend;
3. To elect or re-elect Directors;
4. To fix the remuneration of the Directors;
5. To authorize the Directors to fix the remuneration of the Auditors;
6. To elect members of the Audit Committee.

SPECIAL BUSINESS

To amend Article 21 of Articles of Assoociation of Dangote Cement Plc by deleting:
'unless and untill otherwise determined by the Company in General Meeting, the number of Directors shall not be less than four or more than thirteen'

and replacing with:
'unless and untill otherwise determined by the Company in General Meeting, the number of Directors shall not be less than four or more than twenty.'

NOTES:

PROXIES

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

DIVIDEND WARRANTS AND CLOSURE OF REGISTER OF MEMBERS

If the Dividend declared by the Directors is approved by the Shareholders at the Annual General Meeting, dividend warrants will be posted on Friday, May 26, 2017 to the shareholders, whose names are registered in the Company's Register of Members at the close of business on Friday, May 12, 2017.

AUDIT COMMITTEE

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

CLOSURE OF REGISTER OF MEMBERS

Notice is hereby given that the Register of Members and the Transfer Books of the Company will be closed from Monday, May 15, 2017 to Friday May 19, 2017, both days inclusive.

RIGHTS OF SECURITIES HOLDERS TO ASK QUESTIONS

Securities holders have a right to ask questions not only at the Annual General Meeting, but also in writing prior to the meeting. Questions should be submitted to the Company Secretary at the Company's registered office by the day before the Annual General Meeting is held.

BY THE ORDER OF THE BOARD OF DIRECTORS.

Mahmud Kazaure
Company Secretary

REGISTERED OFFICE
Union Marble House,
1, Alfred Rewane Road, P.O Box 40032,
Falomo, Ikoyi, Lagos.
Dated this 28th February, 2017

DIRECTORS AND PROFESSIONAL ADVISERS

Directors

Aliko Dangote	Chairman
Onne van der Weijde	Group Chief Executive Officer
Olakunle Alake	Non-Executive Director
Sani Dangote	Non-Executive Director
Abdu Dantata	Non-Executive Director
Ernest Ebi	Independent Non-Executive Director
Devakumar Edwin	Non-Executive Director
Emmanuel Ikazoboh	Independent Non-Executive Director
Fidelis Madavo	Non-Executive Director
Joseph Makoju	Non-Executive Director
Olusegun Olusanya	Independent Non-Executive Director
Dorothy Ufot	Independent Non-Executive Director
Douraid Zaghouani	Non-Executive Director

Group Legal Counsel and Company Secretary

Mahmud Kazaure

Joint Auditors

Akintola Williams Deloitte
Chartered Accountants
Plot GAI, Ozumba Mbadiwe Avenue
Victoria Island,
Lagos, Nigeria

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

Principal Bankers

Access Bank Plc
First Bank of Nigeria Plc
Guaranty Trust Bank Plc
Zenith Bank Plc
United Bank for Africa Plc

Primary Legal Advisers

Banwo & Ighodalo
Olaniwun Ajayi
Fola Sowemimo

CORPORATE INFORMATION

Capital Market Information

Dangote Cement Plc is listed on the main board of the Nigerian Stock Exchange (NSE).

Each share carries one voting right

NSE Ticker Symbol	DANGCEM
Bloomberg Code	DANGCEM:NL
Reuters Code	DANGCEM:LG
Date Listed	26th October, 2010
Market Capitalization (31-Dec-16)	**₦2,964,877,883,222**
Outstanding Shares	17,040,507,404
Free Float	8.91%

Registration Information

RC Number	208767
Date of Incorporation	4th November, 1992

Registered Office

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

Registrars

United Securities Limited
10, Amodu Ojikutu Street
Victoria Island
Lagos, Nigeria

For any queries regarding Dangote Cement please contact:

Investor Relations

Carl Franklin
+44 207 399 3070
carl.franklin@dangote.com

Corporate Communications

Anthony Chiejina
+234 1 448 0815
anthony.chiejina@dangote.com

DONATIONS AND SPONSORSHIPS

	₦'000
Congo	
Individual villagers and community	158,112
Ethiopia	
Donation for elederly and mentally disabled people	2,338,520
Student desks	144,906
Chancho Birate School	566,745
Financial support to build rest room	678,171
Dugda Police	701,556
South Africa	
Paint for Hoerskool Lichtenburg	90,780
Cleaning materials for Dingake Primary School	11,012
Trophies for High School - Delmas	45,056
Trophies for High School - Delmas	48,212
45 chairs donated to Dingake Primary School	42,852
Aluminium sheets for hospital corners and doors - Lichtenburg	117,645
Cement donated to high school in Delmas	96,612
Advert Hoerskool Lichtenburg newsletter	117,899
Tanzania	
Masasi Leprosy Centre	211,582
School desks	8,887,500
Zambia	
Zambia National Association of the Physically Handicapped	38,274
Donation for fertilizer to villagers	362,326
Cement donated to the chief for the Community	607,125
Senegal	
Ramadan (Food Rice) donation to village around the plant	5,248,440
Cement donation for religious mosque and church construction and rehabilitation	2,123,517
Pilgrimage donation to the villagers around the plant	22,772,520
Bridge construction for Ngomene village around the plant	8,027,895
Donation to the Senegalese Women Association	219,600
Tabaski sheep donation for the villagers	1,950,048
Donation for Pout village	175,680
Donation to local governor of Pout	281,088
Donation for the school of Pout	439,200
Donation for hall construction of Sebikotane Mayor village	439,200
Donation for Football Village Association	219,600
Donation for Dangote Women Association	577,987
Donation for Thies University	219,600
Sponsorship of local movie - Janxeen	1,317,600
Sponsorship of local movie - Sukaroo Koor	1,756,800

DONATIONS AND SPONSORSHIPS

Sponsorship for the Touba Magal religious events	2,196,000
Sponsorship for the Senegalese Union Of Bailif	439,200
Sponsorship for the Tivavouane religious events	1,317,600
Sponsorship for the Senegalese Union of Traders (Unacois)	2,723,040
Sponsorship for the Local Young Forum	109,800
Sponsoship for internationnal football match Senegal/Niger	439,200
Sponsorship for the Mines Forum (Sim)	2,970,676
Sponsorship for the final of Senegalese Football Cup	878,400
Sponsorship of local movie - Ndogouli Walf TV	1,317,600
Sponsorship of local movie - La Gargotte Tfm	2,196,000
Cameroun	
Njoya Foundation	8,784,000
Ngondo Celebration	4,392,000
Chefferie of Sodiko	1,233,274
Nigeria	
Central Mosque, Obajana Koji State	2,900,000
Donation for Construction of Police Intelligence Hostel at Ilorin, Kwara State	10,627,240
The Nigerian Centenary	500,000
Nigerian Legion Corps Commissionaires Lagos State Command	2,000,000
Nigerian Society of Engineers	100,000
Theirworld	115,655,375
African Progress Panel Foundation	49,637,500
Eunice Spring of Life Foundation	12,000,000
Federal Road Safety Corps	1,680,000
NASS Senate and House Committe on Capital Market and Institution	10,000,000
National Union of Chemical Footware, Rubber, Leather and Non-Metallic Products Employyees	250,000
Donation towards Annual Ojude Oba Festival	2,500,000
Federal Road Safety Corps - Mowe Unit	500,000
Oba Joel Bamgbose - Aboro of Ibese Land	3,000,000
Nigeria Society of Chemical Engineers	2,000,000
Ministry Of Culture and Tourism	5,000,000
Kaduna Chamber of Commerce	5,000,000
Manufacturers' Association of Nigeria	2,000,000
Centre for Values in Leadership	2,000,000
Sponsorship of Police Weeks Games 2016	20,000,000
Palsea Capital Markets Association	3,000,000
Media Techniques Ltd	500,000
National Association of Oduduwa Students	420,000
Ogun State Ministry of Culture and Tourism	2,000,000
National Association of Block Makers	2,800,000
International Chamber of Commerce	5,000,000
African Public Relations Association	1,000,000
Ogun State Investors' Forum	25,000,000
National Association of Oduduwa	300,000

DONATIONS AND SPONSORSHIPS

Federal Ministry of Environment	500,000
Nigerian Institute of Training	900,000
Property and Environment Writers	200,000
Chartered Institute of Personnel Management	100,000
Manufacturers' Association of Nigeria	20,000,000
The Nigerian Economic Summit	20,000,000
Crime Reporters Association of Nigeria	200,000
Nigerian Union of Journalist	1,500,000
16th Annual National Women Conference	5,000,000
Manufacturers' Association of Nigeria	2,000,000
International Chamber of Commerce	200,000
Nigerian Society of Chemical Engineers	2,000,000
Kogi State Government of Nigeria	900,000
Ebira Carnival 2016	1,000,000
Institute of Directors, Nigeria	5,000,000
Financial Reporting Council of Nigeria	9,490,000
Akoma Hot Mix Newsletter	6,084,000
Rakiya Galadima	2,000,000
Publishers' Association of Nigeria	3,000,000
Eti-Osa Local Govt	1,000,000
Correspondents' Associations of Nigeria	250,000
Humun Bachama Annual Kwaite Festival	2,000,000
Construction of Automation Skills Development Centre, Kogi State	4,833,880
School of Science F.C.E Okene	2,000,000
Onov Tyuulugh	2,000,000
National Association of Oduduwa Students	400,000
Itori town hall in Ogun State	1,950,000
CSR Projects in Itori Ogun State	2,500,000
	474,408,444

BOARD AND COMMITTEE MEETING DATES AND ATTENDANCE

Board Meetings

Directors	**19th Jan.**	**29th Feb.**	**19th Apr.**	**27th July**	**26th Oct.**	**12th Dec.**
Aliko Dangote	✓	✓	✓	✓	✓	✓
Onne van der Weijde	✓	✓	✓	✓	✓	✓
Devakumar Edwin	✓	✓	✓	✓	✓	✓
Sani Dangote	✓	✓	✓	✓	✓	✓
Olakunle Alake	✓	✓	✓	✓	✓	✓
Abdu Dantata	✓	✓	✓	✓	✓	✓
Joseph Makoju	✓	✓	✓	✓	✓	✓
Olusegun Olusanya	✓	✓	✓	✓	✓	✓
Ernest Ebi	✓	✓	✓	✓	✓	✓
Emmanuel Ikazoboh	✓	✓	✓	✓	✓	✓
Fidelis Madavo	✓	✓	✓	✓	✓	✓
Douraid Zaghouani	✓	✓	✓	✓	✓	✓
Dorothy Ufot	N/A	N/A	✓	✓	✓	✓

Finance and General Purpose Committee

Directors	**27th Jan.**	**29th Feb.**	**20th Apr.**	**26th July**	**25th Oct.**	**9th Dec.**
Olusegun Olusanya	✓	✓	✓	✓	✓	✓
Devakumar Edwin	✓	✓	N/A	✓	✓	N/A
Sani Dangote	N/A	✓	✓	✓	✓	N/A
Olakunle Alake	✓	✓	✓	✓	✓	✓
Ernest Ebi	✓	✓	✓	✓	✓	✓
Emmanuel Ikazoboh	N/A	✓	✓	✓	✓	✓
Fidelis Madavo	N/A	N/A	N/A	N/A	✓	
Douraid Zaghouani	✓	✓	✓	✓	✓	✓

Audit, Compliance and Risk Management Committee

Directors	**22nd Feb.**	**12th Apr.**	**20th July**	**20th Oct.**
Ernest Ebi	✓	✓	✓	✓
Olusegun Olusanya	✓	✓	✓	✓
Devakumar Edwin	✓	✓	✓	✓
Sani Dangote	✓	✓	✓	✓
Olakunle Alake	✓	✓	✓	✓
Emmanuel Ikazoboh	✓	✓	✓	✓
Fidelis Madavo	✓	✓	N/A	N/A
Dorothy Ufot	N/A	N/A	N/A	✓

Remuneration and Governance Committee

Directors	**22nd Feb.**	**12th Apr.**	**20th Jul.**	**20th Oct.**
Emmanuel Ikazoboh	✓	✓	✓	✓
Sani Dangote	✓	✓	✓	✓
Devakumar Edwin	✓	✓	✓	✓
Joseph Makoju	✓	✓	✓	✓
Abdu Dantata	✓	✓	✓	N/A
Olusegun Olusanya	✓	✓	✓	✓
Ernest Ebi	✓	✓	✓	✓
Dorothy Ufot	N/A	N/A	N/A	✓

Technical and Operations Committee

Directors	**22nd Feb.**	**12th Apr.**	**26th Jul.**	**25rd Oct.**
Fidelis Madavo	✓	N/A	N/A	✓
Olakunle Alake	✓	N/A	✓	✓
Devakumar Edwin	✓	✓	✓	✓
Joseph Makoju	✓	✓	✓	✓
Abdu Dantata	✓	✓	✓	✓
Ernest Ebi	✓	✓	✓	✓
Douraid Zaghouani	✓	✓	✓	✓

Nomination Committee

Directors	**29th Feb.**	**19th Apr.**	**26th Oct.**
Aliko Dangote	✓	✓	✓
Olusegun Olusanya	✓	✓	✓
Ernest Ebi	✓	✓	✓
Fidelis Madavo	✓	✓	✓
Emmanuel Ikazoboh	✓	✓	✓

Statutory Audit Committee

Directors	**29th Feb.**	**26th July**	**20th Oct.**
Olakunle Alake	✓	✓	✓
Emmanuel Ikazoboh	✓	✓	✓
Olusegun Olusanya	✓	✓	✓
Robert Ade-Odiachi	✓	✓	N/A
Brigid Sheidu	✓	✓	✓
Sherrif Yusuf	N/A	✓	✓
Nicholas Nyamali	N/A	✓	✓

GLOSSARY OF ABBREVIATIONS

AGM	Annual General Meeting
CAC	Corporate Affairs Commission
CBN	Central Bank Of Nigeria
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CEMAC	Central African Economic and Monetary Community
CMAN	Cement Manufacturer Association of Nigeria
COREN	Council for the Regulation of Engineering in Nigeria
CORBON	Council of Registered Builders of Nigeria
CO2	Carbon dioxide
DIL	Dangote Industries Limited
EBITDA	Earnings Before Interest, Taxes,, Depreciation and Amortization
EBIT	Earnings Before Interest and Tax
ECOWAS	Economic Community of West African States
EHSS	Environmental Health, Safety and Security
GDP	Gross Domestic Product
GETS	Global Environment Telecommunications Service
IFC	International Finance Corporation
IMF	International Monetary Fund
ISO	International Standards Organisation
LPFO	Low Pour Fuel Oil
NIOB	Nigerian Institute of Building
NIQS	Nigerian Institute of Quantity Surveyors
NIS	Nigeria Industrial Standards
NSE	Nigerian Stock Exchange
MT	Million Tonnes
OEMS	Original Equipment Manufacturer
OHSMS	Occupational Health and Safety Management System
Q	Quarter
SEC	Security and Exchange Commission
SEPCEM	Sephaku Cement
SON	Standards Organization of Nigeria
SOX	Sulfur Oxides
SAP	System Application Package
UEMOA	West African Economic and Monetary Union
VTS	Vaccination Tracking System
CGRS	Corporate Governance Rating System
ERM	Enterprise Risk Management
ICD	Investment Corporation of Dubai
IASB	International Accounting Standards Board
CAMA	Company and Allied Matters Act
FRC	Financial Reporting Council
GCEO	Group Chief Executive Officer
VRM	ertical Rolling Mill
LPG	Liquid Petroleum Gas
CBI	Convention for Business Intelligence
EMS	Environmental Management System
HSE	Health, Safety & Environment
KPI-	Key Performance Index
DRC –	Democratic Republic of Congo
BARMAC –	Board Audit and Risk Management Committee

MANDATE FOR E-DIVIDEND PAYMENT

united securities

Date (DD/MM/YYYY)

The Registrar,
United Securities Limited,
10, Amodu Ojikutu Street,
Victoria Island, Lagos, Nigeria.

Kindly tick & quote your shareholder account no. in the box below	
Name of Company	Shareholder Account No.

Dear Sir/Madam,

Kindly find below my/our bank details for the purpose of electronic payments of dividends due to me/us. I/We confirm that all information supplied is to the best of my/our knowledge correct and hereby indemnify United Securities Limited against any loss that may arise from their adoption of the details as supplied hereunder.

Surname /Company Name:

Other Names (for individual Shareholder)

Present Postal Address

City State

E-Mail Address 1:-

E-Mail Address 2:-

Mobile (GSM) Phone Number

Bank Name (SECTION TO BE COMPLETED BY YOUR BANK)

Bank Address

Bank Account Number

Bank Sort Code

I/We hereby request that from now, all dividend warrant (s) due to me/us from my/our holdings in all the companies indicated above be mandated to my/our Bank named above.

Shareholder`s signature or thumbprint

Shareholder`s signature or thumbprint

Company Seal/ Incorporation number (Corporate Shareholder)

AUTHORISED SIGNATURE & STAMP OF BANKERS

PLEASE NOTE THAT THE SECTION FOR YOUR BANK ACCOUNT D ETAILS HAS TO BE COMPLETED BY YOUR BANK
Kindly return the duly completed form to the Registrar, United Securities Limited at the address stated below

United Securities Limited. RC 126257
10, Amodu Ojikutu Street, Off Saka Tinubu Street, Victoria Island, P.M.B 12753 Lagos, Nigeria. Tel: +234(1)271-4566, 271-4567
Website: www.unitedsecuritieslimited.com; Email: info@unitedsecuritieslimited.com

PROXY FORM

Dangote Cement Plc Rc: 208767

The 8th Annual General Meeting to be held at the Civic Centre, Victoria Island, Lagos, on Wednesday 24th May, 2017 at 11.00 a.m.

I/WE ....
of ....
being a shareholder of Dangote Cement Plc hereby appoint .... or failing him/her
.... or ....
as my/our Proxy to act and vote for me/us on my/our behalf at the 8th Annual General Meeting to be held on 24th May, 2017 and at any adjournment thereof.
Dated the .... 2017 shareholder's signature ....

	NO.	ORDINARY BUSINESS	FOR	AGAINST
I/We desire this proxy to be used in favour of/or against the resolution as indicated alongside (strike out whichever is not applicable)	1.	To receive the audited Financial Statements for the year ended 31st December, 2016, and the reports of the Directors, Auditors and Audit Committee thereon;		
	2.	To declare a dividend;		
	3.	To elect or re-elect Directors: Re-election as a Director of Sani Dangote, who is retiring by rotation Re-election as a Director of Fidelis Madavo, who is retiring by rotation Re-election as a Director of Douraid Zaghouani, who is retiring by rotationRe-election as a Director of Abdu Dantata, who is retiring by rotation		
	4.	To fix the remuneration of the Directors;		
	5.	To authorize the Directors to fix the remuneration of the Auditors;		
	6.	To elect members of the Audit Committee.		
		Please indicate with an "X" in the appropriate column, how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the Proxy will vote or abstain from voting at his/her discretion.		

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

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

NAME AND ADDRESS NUMBER OF SHARES HELD: NUMBER OF SHAREHOLDER(S):

ADMISSION CARD

Please admit .... to the 8th Annual General Meeting of Dangote Cement Plc to be held at Civic Center, Victoria Island, Lagos at 11.00 a.m. on Wednesday, 24th May, 2017.

Signature of person attending: ....

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

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

The Registrar,
United Securites Limited
10, Amodu Ojikutu Street,
Victoria Island,
Lagos, Nigeria