# DANGOTE CEMENT PLC

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
31ST DECEMBER, 2015

| **CONTENTS** | **PAGE** |
|---|---|
| Report of the Independent Auditors | 3 |
| Statement of Directors' responsibilities | 4 |
| Consolidated and separate statement of profit or loss | 5 |
| Consolidated and separate statement of comprehensive income | 6 |
| Consolidated and separate statement of financial position | 7 |
| Consolidated statement of changes in equity | 8 |
| Separate statement of changes in equity | 9 |
| Consolidated and separate statement of cash flows | 10 |
| Notes to the consolidated and separate financial statements | 11 |
| Consolidated five-year financial summary | 66 |
| Separate five-year financial summary | 67 |
| Consolidated and separate statement of value added | 68 |

# Report of the Independent Auditors to the Members of Dangote Cement Plc

Deloitte.

**Report on the Financial Statements**
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 statement of financial position as at 31st December, 2015, the consolidated and separate statement of profit or loss, the consolidated and seperate statmemnts of comprehensive income, statement of changes in equity, statement of cash flows, statement of value added for the year then ended, a summary of significant accounting policies, financial summary and other explanatory information.

**Directors' Responsibility for the Financial Statements**
The Directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with the Companies and Allied Matters Act CAP C20 LFN 2004, the Financial Reporting Council of Nigeria Act, 2011, the International Financial Reporting Standards and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**
Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**Opinion**
In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of Dangote Cement Plc. and its Subsidiaries as at 31st December, 2015 and of its financial performance and 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.

**Other reporting responsibilities**
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 Company has kept proper books of account, so far as appears from our examination of those books.
iii) The Group's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

**Abraham Udenani**
ACA – FRC/2013/ICAN/00000000853
**for: Akintola Williams Deloitte**
**Chartered Accountants**
**Lagos, Nigeria**
**29th February, 2016**

**Tajudeen Oni**
FCA – FRC/2013/ICAN/00000000749
**for: Ahmed Zakari & Co**
**Chartered Accountants**
**Lagos, Nigeria**
**29th February, 2016**

# Statement of Directors' Responsibilities for the Preparation and Approval of the Financial Statements for the Year Ended 31st December, 2015

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, 2015, 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, 2015 were approved by the Directors on 29th February, 2016.

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, 2015

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Notes | Year ended 31/12/15 ₦m | Year ended 31/12/14 ₦m | Year ended 31/12/15 ₦m | Year ended 31/12/14 ₦m |
| Revenue | 5 | 491,725 | 391,639 | 389,215 | 371,534 |
| Production cost of sales | 7 | (201,808) | (143,058) | (130,418) | (128,584) |
| **Gross profit** | | **289,917** | **248,581** | **258,797** | **242,950** |
| Administrative expenses** | 8 | (32,546) | (24,084) | (23,924) | (17,364) |
| Selling and distribution expenses** | 9 | (53,500) | (41,004) | (43,323) | (38,220) |
| Other income | 11 | 3,951 | 3,609 | 2,148 | 3,542 |
| **Profit from operating activities** | | **207,822** | **187,102** | **193,698** | **190,908** |
| Finance income | 10 | 34,819 | 30,565 | 56,530 | 42,499 |
| Finance costs | 10 | (54,347) | (32,978) | (29,661) | (20,367) |
| **Profit before tax** | | **188,294** | **184,689** | **220,567** | **213,040** |
| Income tax expense | 14 | (6,971) | (25,188) | (7,396) | (27,226) |
| **Profit for the year** | | **181,323** | **159,501** | **213,171** | **185,814** |
| **Profit for the year attributable to:** | | | | | |
| Owners of the Company | | 184,994 | 160,578 | 213,171 | 185,814 |
| Non-controlling Interests | | (3,671) | (1,077) | - | - |
| | | **181,323** | **159,501** | **213,171** | **185,814** |
| Earnings per share, basic and diluted (Naira) | 13 | **10.86** | **9.42** | **12.51** | **10.90** |

**Prior year amounts have been regrouped to align with current year presentation. This does not have any impact on the results (Note 8 and 9).

The accompanying notes on pages 11 to 65 and non-IFRS statements on pages 66 to 68 form an integral part of these Consolidated and Separate Financial Statements.

# Consolidated and Separate Statement of Comprehensive Income for the Year Ended 31st December, 2015

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Notes | Year ended 31/12/15 ₦m | Year ended 31/12/14 ₦m | Year ended 31/12/15 ₦m | Year ended 31/12/14 ₦m |
| Profit for the year | | **181,323** | **159,501** | **213,171** | **185,814** |
| Non-cash exchange differences on translating net investments in foreign operations | 21.4 | (25,254) | 1,152 | - | - |
| Remeasurement of defined benefit plan | 21.3 | (991) | 450 | (991) | 450 |
| Other comprehensive (loss)/income for the year, net of income tax | | (26,245) | 1,602 | (991) | 450 |
| | | **155,078** | **161,103** | **212,180** | **186,264** |
| Total comprehensive income for the year attributable to: | | | | | |
| Owners of the Company | | 165,474 | 161,944 | 212,180 | 186,264 |
| Non-controlling Interests | | (10,396) | (841) | - | - |
| | | **155,078** | **161,103** | **212,180** | **186,264** |

The accompanying notes on pages 11 to 65 and non-IFRS statements on pages 66-68 form an integral part of these Consolidated and Separate Financial Statements.

In the prior year, a single Statement of Profit or Loss and other Comprehensive Income was presented. The Group has elected to present two separate statements for the current year. There was no change to the profit and total comprehensive income for the prior period.

# Consolidated and Separate Statement of Financial Position as at 31st December, 2015

| | Notes | Group 31/12/15 ₦m | Group 31/12/14 ₦m | Company 31/12/15 ₦m | Company 31/12/14 ₦m |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | 15 | 917,212 | 747,794 | 577,017 | 526,722 |
| Intangible assets | 16 | 2,610 | 3,699 | 385 | 682 |
| Investments in subsidiaries | 17.2 | - | - | 26,075 | 26,075 |
| Investment in associate | 17.3 | 1,582 | - | 1,582 | - |
| Deferred tax asset | 14.3 | 14,465 | 16,633 | 10,913 | 13,154 |
| Prepayments for property, plant & equipment | 18 | 9,094 | 79,491 | - | 1,773 |
| Receivables from subsidiaries | 30 | - | - | 395,917 | 277,150 |
| **Total non-current assets** | | **944,963** | **847,617** | **1,011,889** | **845,556** |
| **Current assets** | | | | | |
| Inventories | 19 | 53,118 | 42,687 | 38,369 | 36,315 |
| Trade and other receivables** | 20 | 11,544 | 9,803 | 4,252 | 2,932 |
| Prepayments and other current assets** | 18 | 60,526 | 64,020 | 52,003 | 62,288 |
| Cash and bank balances | 31 | 40,792 | 20,593 | 17,962 | 16,350 |
| **Total current assets** | | **165,980** | **137,103** | **112,586** | **117,885** |
| **Total assets** | | **1,110,943** | **984,720** | **1,124,475** | **963,441** |
| **Liabilities** | | | | | |
| **Current liabilities** | | | | | |
| Trade and other payables** | 23 | 127,597 | 94,308 | 79,584 | 73,785 |
| Current income tax payable | 14.2 | 1,289 | 2,481 | 1,305 | 2,481 |
| Financial liabilities** | 24 | 47,275 | 117,263 | 37,169 | 113,065 |
| Other current liabilities | 25.2 | 24,537 | 18,897 | 22,528 | 16,498 |
| **Total current liabilities** | | **200,698** | **232,949** | **140,586** | **205,829** |
| **Non-current liabilities** | | | | | |
| Deferred tax liabilities | 14.3 | 24,504 | 20,473 | 23,998 | 19,880 |
| Financial liabilities | 24 | 208,329 | 131,942 | 181,384 | 95,435 |
| Long term provisions and other charges | 26 | 3,283 | 4,011 | 619 | 295 |
| Retirement benefits obligation | 28 | 3,992 | 2,070 | 3,992 | 2,070 |
| Deferred revenue | 25.1 | 975 | 1,390 | 975 | 1,390 |
| Long term payables | 27 | 24,442 | - | 24,442 | - |
| **Total non-current liabilities** | | **265,525** | **159,886** | **235,410** | **119,070** |
| **Total liabilities** | | **466,223** | **392,835** | **375,996** | **324,899** |
| **Net assets** | | **644,720** | **591,885** | **748,479** | **638,542** |
| **Equity** | | | | | |
| Share capital | 21 | 8,520 | 8,520 | 8,520 | 8,520 |
| Share premium | 21 | 42,430 | 42,430 | 42,430 | 42,430 |
| Capital contribution | 24a | 2,877 | 2,877 | 2,828 | 2,828 |
| Currency translation reserve | | (22,366) | (3,837) | - | - |
| Employee benefit reserve | | (1,007) | (16) | (1,007) | (16) |
| Retained earnings | | 620,501 | 537,750 | 695,708 | 584,780 |
| **Equity attributable to owners of the company** | | 650,955 | 587,724 | 748,479 | 638,542 |
| Non-controlling interest | | (6,235) | 4,161 | - | - |
| **Total equity** | | **644,720** | **591,885** | **748,479** | **638,542** |
| **Total equity and liabilities** | | **1,110,943** | **984,720** | **1,124,475** | **963,441** |

**Prior-year amounts have been regrouped to align with current year presentation (see note 20 and 24)

The accompanying notes on pages 11 to 65 and non-IFRS statements on pages 66-68 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, 2015

| | Share capital ₦m | Share premium ₦m | Retained earnings ₦m | Employee benefit reserve ₦m | Group Currency translation reserve ₦m | Capital contribution ₦m | Attributable to the owners of the parent ₦m | Non-controlling interests ₦m | Total equity ₦m |
|---|---|---|---|---|---|---|---|---|---|
| **Balance as at 1st January 2014** | **8,520** | **42,430** | **496,456** | **(466)** | **(4,753)** | **2,877** | **545,064** | **5,029** | **550,093** |
| Profit for the year | - | - | 160,578 | - | - | - | 160,578 | (1,077) | **159,501** |
| Other comprehensive income for the year, net of income tax | - | - | - | 450 | 916 | - | 1,366 | 236 | **1,602** |
| Total comprehensive income for the year | - | - | 160,578 | 450 | 916 | - | 161,944 | (841) | **161,103** |
| Effect of additional participation in Group companies | | | | | | - | - | (27) | **(27)** |
| Dividends paid | - | - | (119,284) | - | - | - | (119,284) | - | **(119,284)** |
| **Balance as at 31st December, 2014** | **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 loss 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** |

The accompanying notes and non-IFRS statements are an integral part of these Consolidated and Separate Financial Statements.

# Separate Statement of Changes in Equity for the Year Ended 31st December 2015

| | Company | | | | | |
|---|---|---|---|---|---|---|
| | **Share capital ₦m** | **Share premium ₦m** | **Capital contribution ₦m** | **Retained earnings ₦m** | **Employee benefit reserve ₦m** | **Total equity ₦m** |
| **Balance as at 1st January, 2014** | **8,520** | **42,430** | **2,828** | **518,250** | **(466)** | **571,562** |
| Profit for the year | - | - | - | 185,814 | - | 185,814 |
| Other comprehensive income for the year, net of income tax | - | - | - | - | 450 | 450 |
| Total comprehensive income for the year | - | - | - | 185,814 | 450 | 186,264 |
| Dividends paid | - | - | - | (119,284) | - | (119,284) |
| **Balance as at 31st December, 2014** | **8,520** | **42,430** | **2,828** | **584,780** | **(16)** | **638,542** |
| Profit for the year | - | - | - | 213,171 | - | 213,171 |
| Other comprehensive loss 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** |

The accompanying notes and non-IFRS statements are an integral part of these Consolidated and Separate Financial Statements.

# Consolidated and Separate Statement of Cash Flows for the Year Ended 31st December 2015

| | Notes | Group | | Company | |
|---|---|---|---|---|---|
| | | Year ended 31/12/15 ₦m | Year ended 31/12/14 ₦m | Year ended 31/12/15 ₦m | Year ended 31/12/14 ₦m |
| **Cash flows from operating activities** | | | | | |
| Profit before tax | | 188,294 | 184,689 | 220,567 | 213,040 |
| Adjustments for: | | | | | |
| Depreciation & amortisation | 15 & 16 | 54,626 | 36,266 | 43,713 | 34,202 |
| Write off and impairment of property, plant and equipment | | 1,624 | 1,097 | 1,624 | 1,015 |
| Reversal of impairment | | (1,582) | - | (1,582) | - |
| Interest expense | 10 | 33,154 | 18,049 | 27,156 | 16,267 |
| Interest income | 10 | (1,699) | (3,147) | (23,410) | (15,140) |
| Unrealised exchange loss on borrowings | | 1,252 | 955 | 1,252 | 955 |
| Exchange gain on non-operating assets | | - | - | (33,088) | (24,268) |
| Amortisation of deferred revenue | 25 | (478) | (542) | (478) | (542) |
| Other provisions | | (728) | 3,634 | 324 | 61 |
| Provisions for employee benefits | 28 | 931 | 873 | 931 | 873 |
| Loss on disposal of property, plant and equipment | | 1 | 59 | - | 59 |
| | | 275,395 | 241,933 | 237,009 | 226,522 |
| **Changes in working capital:** | | | | | |
| Change in inventories | 19 | (10,431) | (15,021) | (2,054) | (12,738) |
| Change in trade and other receivables** | 20 | (1,741) | (560) | (1,320) | 4,967 |
| Change in trade and other payables | | 29,151 | 16,931 | 1,255 | 5,334 |
| Change in prepayments and other current assets** | | 3,674 | (22,129) | 10,465 | (24,267) |
| Change in other current liabilities | | 5,703 | (5,264) | 6,093 | (3,668) |
| Cash generated from operating activities | | 301,751 | 215,890 | 251,448 | 196,150 |
| Gratuity paid and contribution to plan asset | | - | (316) | - | (316) |
| Income tax paid | 14 | (2,234) | (226) | (2,213) | (226) |
| Net cash generated from operating activities | | **299,517** | **215,348** | **249,235** | **195,608** |
| **Cash flows from investing activities** | | | | | |
| Interest received | | 1,699 | 3,147 | 1,459 | 3,073 |
| Acquisition of intangible assets | 16 | (298) | (1,596) | - | (244) |
| Additions to long term receivables from subsidiaries | | - | - | (63,730) | (76,692) |
| Proceeds from disposal of property, plant and equipment | | - | 1,487 | - | 1,487 |
| Acquisition of investment | | - | - | - | (8) |
| Acquisition of property, plant and equipment | | (157,092) | (195,082) | (69,300) | (89,740) |
| Addition of property, plant and equipment | 15 | (251,931) | (217,192) | (95,515) | (121,797) |
| Reduction to non-current prepayment | | 70,397 | 22,110 | 1,773 | 32,057 |
| Suppliers' credit obtained | | 24,442 | - | 24,442 | - |
| Net cash used in investing activities | | **(155,691)** | **(192,044)** | **(131,571)** | **(162,124)** |
| **Cashflows from financing activities** | | | | | |
| Interest paid | | (25,007) | (16,608) | (19,274) | (14,825) |
| Dividend paid | | (102,243) | (119,284) | (102,243) | (119,284) |
| Loans obtained | | 125,912 | 138,898 | 121,648 | 132,923 |
| Loans repaid | | (116,183) | (83,391) | (116,183) | (83,391) |
| Net cash used in financing activities | | **(117,521)** | **(80,385)** | **(116,052)** | **(84,577)** |
| Increase/(decrease) in cash and cash equivalents | | 26,305 | (57,081) | 1,612 | (51,093) |
| Effects of exchange rate changes on the balance of cash held in foreign currencies and other non monetary impact | | (4,863) | 3,838 | - | - |
| Cash and cash equivalents at beginning of year | | 16,403 | 69,646 | 16,350 | 67,443 |
| Cash and cash equivalents at end of year | 31.1 | **37,845** | **16,403** | **17,962** | **16,350** |

**Prior-year amounts have been regrouped to align with current year presentation (see note 18.2 and 20)

The accompanying notes and non-IFRS statements are an integral part of these Consolidated and Separate Financial Statements.

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

## 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 of the Group for the year ended 31st December, 2015 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, 2015 comprise those of the Company only.

These consolidated and separate financial statements for the year ended 31st December, 2015 have been approved for issue by the Directors on 29th February, 2016.

## 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 Company's full Financial Statements for the year ended 31st December, 2015 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, 2015 and requirements of the Companies and Allied Matters Act (CAMA) of Nigeria and the Financial Reporting Council (FRC) Act of Nigeria.

### 2.1.2 Basis of preparation

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, 2015. Control is achieved where the investor:

(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.

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

Income and expenses of subsidiaries acquired or disposed of during the year are included in the Consolidated Statements of Profit or Loss and 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 interest even if this results in the non-controlling interest having a deficit balance.

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

**2.2.2 Transactions eliminated on consolidation**

All intra-group balances and any gain and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised 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

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

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 Statements of Profit or Loss and 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 control of the shareholder that controls the Group are accounted for 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 changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised 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 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, 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 Goods sold

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,

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

- 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.

Amounts relating to shipping and handling, whether included as part of sales or billed separately are recorded as revenue and costs 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 or 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 capitalised 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 capitalised interest cost is the actual interest rate when there is a specific borrowing facility related to a 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

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

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

| | Currency | 2015 | 2014 | |
|---|---|---|---|---|
| | **Average rate** | **Year End Rate** | **Average Rate** | **Year End Rate** |
| South African Rand to Naira | 15.3977 | 12.8400 | 15.1359 | 15.5805 |
| Central Africa Franc to Naira | 0.3332 | 0.3299 | 0.3312 | 0.3354 |
| Ethiopian Birr to Naira | 9.4307 | 9.2515 | 8.2592 | 8.8534 |
| Zambian Kwacha to Naira | 23.5025 | 18.1074 | 26.3649 | 28.1481 |
| Tanzania Shilling to Naira | 0.0968 | 0.0919 | 0.0964 | 0.1015 |
| United States Dollar to Naira | 198.0433 | 199.0000 | 164.6261 | 180.9820 |

**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/credited to other comprehensive income and recognised in the currency translation reserve in equity. The exchange differences arising on the translation are taken directly to a separate component of other comprehensive income "Non-cash exchange differences on translating net investments in foreign operations". On the partial or total disposal of a foreign entity with a loss of control, the related share in the cumulative translation differences recognised in equity is recognised in the consolidated statement of profit or loss.

**2.8 Property, plant and equipment**

Items of property, plant and equipment are measured at 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 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.

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

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 recognised within "Cost of sales" and "Administrative and selling expenses," depending on the utilisation 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 |
| Plant and machinery | 10 - 25 |
| Power plants | 5 - 25 |
| Cement plants | 5 - 25 |
| Motor vehicles | 4 |
| Computer hardware (included in equipment note 15) | 3 |
| Furniture and equipment | 5 |
| Aircraft | 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 amortised using the straight-line method over their useful lives ranging from two to seven years. Amortisation 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

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

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.

**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 that 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

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

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 recognised at their fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are recognised 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 recognised 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), (of which financial instruments are further classified as either held for trading("HFT") or designated at fair value through profit or loss' (FVTPL)), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables' (which include amounts due from related parties, loans and receivables). The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

**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 cost. Financial assets classified as loans and receivables are subsequently measured at amortised 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 does not have financial liabilities classified as FVTPL. The Group subsequently measures financial liabilities, at amortised cost using the effective interest method.

**2.11.8 De-recognition of financial liabilities**

The Group derecognises financial liabilities when, and only when, the

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

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.

### 2.11.9 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.

### 2.11.10 Effective interest method

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

## 2.12 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.

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

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 recognised 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. Reversals of impairment losses are recognised immediately in the 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 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 recognised 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.

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

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

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

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

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

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

**2.15.3 Defined benefit plans**
For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur.

Remeasurement recognised in other comprehensive income is reflected immediately in employee benefit reserves and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:
- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

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

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

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

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

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

**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 recognises 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 recognised 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 the 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
- 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 recognised on the Group's statement of financial position. Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

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 affecting amounts reported and/or disclosures in these financial statements**
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, 2015.

**Amendments to IAS 19 Defined Benefit Plans: Employee Contributions**
The Group has applied the amendments for the first time in the current year. Prior to the amendments, the Group accounted for discretionary employee contributions to defined benefit plans as a reduction of the service cost when contributions were paid to the plans, and accounted for employee contributions specified in the defined benefit plans as a reduction of the service cost when services are rendered. The amendments require the Group to account for employee contributions as follows:

- Discretionary employee contributions are accounted for as a reduction of the service cost upon payments to the plans.
- Employee contributions specified in the defined benefit plans are accounted for as a reduction of the service cost, only if such contributions are linked to services. Specifically, when the amount of such contribution depends on the number of years of service, the reduction to service cost is made by attributing the contributions to periods of service in the same manner as the benefit attribution. On the other hand, when such contributions are determined based on a fixed percentage of salary (i.e. independent of the number of years of service), the Group recognises the reduction in the service cost in the period in which the related services are rendered.

These amendments have been applied retrospectively. The application of these amendments has had no material impact on the disclosures or the amounts recognised in the Group's Consolidated Financial Statements.

**Annual Improvements to IFRS 2010-2012 Cycle and 2011-2013 Cycle**
The Group has applied the amendments to IFRSs included in the Annual Improvements to IFRS 2010-2012 Cycle and 2011-2013 Cycle for the first time in the current year.

The application of the amendments has had no impact on the disclosures or amounts recognised in the Group's consolidated financial statements.

**3.2 New and revised IFRS in issue but not yet effective**

| | |
|---|---|
| IFRS 9 | Financial Instruments[2] |
| IFRS 15 | Revenue from Contracts with Customers[2] |
| Amendments to IFRS 11 | Accounting for Acquisitions of Interests in Joint Operations[1] |
| Amendments to IAS 1 | Disclosure Initiative[1] |
| Amendments to IAS 16 and IAS 38 | Clarification of Acceptable Methods of Depreciation and Amortisation[1] |
| Amendments to IAS 16 and IAS 41 | Agriculture: Bearer Plants[1] |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1] |
| Amendments to IFRS 10, IFRS 12 and IAS 28 | Investment Entities: Applying the Consolidation Exception[1] |
| Amendments to IFRS | Annual Improvements to IFRS 2012-2014 Cycle[1] |

1. Effective for annual periods beginning on or after 1st January, 2016, with earlier application permitted.
2. Effective for annual periods beginning on or after 1st January, 2018, with earlier application permitted.

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

**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

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

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.

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

The amendments to IFRS 11 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 (e.g. IAS 12 Income Taxes regarding the recognition of deferred taxes at the time of acquisition and IAS 36 Impairment of Assets regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) 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 amendments should be applied prospectively to acquisitions of interests in joint operations (in which the activities of the joint operations constitute businesses as defined in IFRS 3) occurring from the beginning of annual periods beginning on or after 1st January, 2016.

The Directors of the Company anticipate that the application of these amendments to IFRS 11 may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

**Amendments to IAS 1 Disclosure Initiative**

The amendments to IAS 1 give some guidance on how to apply the concept of materiality in practice.

The amendments to IAS 1 are effective for annual periods beginning on or after 1st January, 2016. The Directors of the Company do not anticipate that the application of these amendments to IAS 1 will have a material impact on the Group's Consolidated Financial Statements.

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

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.

The amendments apply prospectively for annual periods beginning on or after 1st January, 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the Group's Consolidated Financial Statements.

**Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants**

The amendments to IAS 16 and IAS 41 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 Directors of the Company do not anticipate that the application of these amendments to IAS 16 and IAS 41 will have a material impact on the Group's Consolidated Financial Statements as the Group is not engaged in agricultural activities.

**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 amendments should be applied prospectively to transactions occurring in annual periods beginning on or after 1st January, 2016.

The directors of the Company anticipate that the application of these amendments to IFRS 10 and IAS 28 may have an impact on the Group's Consolidated Financial Statements in future periods should such transactions arise.

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

The amendments to IFRS 10, IFRS 12 and IAS 28 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 directors of the Company do not anticipate that the application of these amendments to IFRS 10, IFRS 12 and IAS 28 will have a material impact on the Group's Consolidated 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.

**Annual Improvements to IFRSs 2012-2014 Cycle**

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 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 clarifies 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 qualify corporate bonds should be at the currency level (i.e. the same currency

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

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 directors of the Company do not anticipate that the application of these amendments will have a material effect on the Group's Consolidated Financial Statements.

## 4. Critical accounting judgements and key sources of estimation uncertainty

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

### 4.2 Key sources of estimation uncertainty

#### 4.2.1 Provision for restoration costs

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

#### 4.2.2 Provisions for employee benefits

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

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

The Group's management determines the estimated useful lives and related depreciation charge for its items of property, plant and equipment on an annual basis. The Group has carried out a review of the residual values and useful lives of property, plant and equipment as at 31st December 2015 and that has not highlighted any requirement for an adjustment to the residual lives and remaining useful lives of the assets for the current or future periods. For more details refer to note 2.

#### 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.

#### 4.2.5 Impairment of propoerty, plant and equipment

Determining the impairment for items of Property and Equipment that have been assessed to have indicators of

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

impairment requires an estimation of the recoverable amount. The recoverable amount for which an impairment charge has been made was determined as fair value less cost to sell. If the fair value less cost to sell, had been 10% higher/lower the impairment charge would be ₦80m lower/higher respectively. The fair value less costs of disposal has been estimated as ₦800m based on observable prices for similar assets, hence its considered Level 2 valuation.

**5. Revenue**

| | Group | | Company | |
|---|---|---|---|---|
| **Revenue (tonnes)** | **2015** | **2014** | **2015** | **2014** |
| | **'000 tonnes** | **'000 tonnes** | **'000 tonnes** | **'000 tonnes** |
| Cement production capacity(for the year) | 42,550 | 22,763 | 29,250 | 20,250 |
| Cement production volume | 18,425 | 13,858 | 13,385 | 13,001 |
| Trade cement purchase | 629 | 344 | - | - |
| (Increase)/decease in stock of cement | (196) | (231) | (95) | (128) |
| **Cement sales volume** | **18,858** | **13,971** | **13,290** | **12,873** |

| | Group | | Company | |
|---|---|---|---|---|
| | **2015** | **2014** | **2015** | **2014** |
| **Revenue (Naira)** | **₦m** | **₦m** | **₦m** | **₦m** |
| Revenue from sales of cement | 491,544 | 391,270 | 389,215 | 371,534 |
| Revenue from sales of other products | 181 | 369 | - | - |
| **Cement sales value** | **491,725** | **391,639** | **389,215** | **371,534** |

Sales after adjusting intra-group sales as shown above are from external customers

**5.1 Information about major customers**

Included in revenue arising from direct sales of cement of N491.5 billion (2014: ₦391.3 billion) is revenue of approximately ₦19.8 billion (2014: ₦16.7 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 2015 and 2014.

**6 Segment information**

**6.1 Products and services from which reportable segments derive their revenue**

The Executive Committee is the Company's chief operational decision maker. Management has determined operating segments based on the information reported and reviewed by the Executive Committee for the purposes of allocating resources and assessing performance. The Executive Committee reviews internal management reports on a monthly 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 three reportable segments based on location of the principal operations as follows:

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

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.

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

### 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.

**2015**

| Segment results | Nigeria | West & Central Africa | South & East Africa | Eliminations | Total |
|---|---|---|---|---|---|
| | ₦m | ₦m | ₦m | ₦m | ₦m |
| Revenue | 389,215 | 42,269 | 61,208 | (967) | 491,725 |
| EBITDA* | 237,411 | 8,342 | 16,728 | (33) | 262,448 |
| Depreciation & amortisation | 43,713 | 3,614 | 8,126 | (827) | 54,626 |
| Operating profit | 193,698 | 4,728 | 8,602 | 794 | 207,822 |
| Other income | 2,148 | 1,696 | 107 | - | 3,951 |
| Finance income | 56,530 | 19 | 221 | (21,951) | 34,819 |
| Finance costs | 29,661 | 21,481 | 44,075 | (40,870) | 54,347 |
| Profit/(loss) after tax | 213,171 | (16,676) | (6,918) | (8,254) | 181,323 |

* represents earnings before interest, taxes, depreciation & amortisation

| Segment assets & liabilities | Nigeria | West & Central Africa | South & East Africa | Eliminations | Total |
|---|---|---|---|---|---|
| Non-current assets | 1,011,889 | 120,245 | 255,700 | (442,871) | 944,963 |
| Current assets | 112,586 | 13,940 | 40,425 | (971) | 165,980 |
| Total Assets | 1,124,475 | 134,185 | 296,125 | (443,842) | 1,110,943 |
| Segment liabilities | 375,996 | 174,583 | 312,328 | (396,684) | 466,223 |
| Net additions to non-current assets, excluding deferred tax | 168,574 | 22,523 | 35,370 | (126,953) | 99,514 |

**2014**

| Segment results | Nigeria | West & Central Africa | South & East Africa | Eliminations | Total |
|---|---|---|---|---|---|
| | ₦m | ₦m | ₦m | ₦m | ₦m |
| Revenue | 371,534 | 6,195 | 13,910 | - | 391,639 |
| EBITDA* | 225,110 | (3,028) | 1,286 | - | 223,368 |
| Depreciation & amortisation | 34,202 | 834 | 1,230 | - | 36,266 |
| Operating profit/(loss) | 190,908 | (3,862) | 56 | - | 187,102 |
| Other Income | 3,542 | 49 | 18 | - | 3,609 |
| Finance income | 42,499 | 1 | 132 | (12,067) | 30,565 |
| Finance costs | 20,367 | 10,194 | 3,635 | (1,218) | 32,978 |
| Profit/(loss) after tax | 185,814 | (14,055) | (1,408) | (10,850) | 159,501 |

* represents earnings before interest, taxes, depreciation & amortisation

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

| **Segment assets and liabilities** | | | | | |
|---|---|---|---|---|---|
| Non-current assets | 845,556 | 97,519 | 220,460 | (315,918) | 847,617 |
| Current assets | 117,885 | 6,438 | 12,944 | (164) | 137,103 |
| Total Assets | 963,441 | 103,957 | 233,404 | (316,082) | 984,720 |
| | | | | | |
| Segment liabilities | 324,899 | 128,391 | 216,723 | (277,178) | 392,835 |
| | | | | | |
| Net additions to non-current assets, excluding deferred tax | 166,002 | 35,553 | 78,144 | (124,202) | 155,497 |

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. This is the measure reported to the Executive Committee for the purposes of resource allocation and assessment of segment performance.

| | **Group** | |
|---|---|---|
| **Significant non-current assets by country excluding deferred tax** | **2015 ₦m** | **2014 ₦m** |
| Nigeria | 1,000,976 | 832,402 |
| South Africa | 43,984 | 56,103 |
| Senegal | 48,089 | 50,492 |
| Zambia | 54,679 | 51,576 |
| Ethiopia | 79,043 | 61,994 |
| Tanzania | 74,601 | 47,309 |
| Congo | 33,123 | 16,822 |
| Cameroon | 21,422 | 17,400 |
| | | |
| **Significant revenue by country (external customers)** | | |
| Nigeria | 388,248 | 371,534 |
| Ghana | 15,436 | 6,195 |
| South Africa | 35,393 | 13,910 |
| Ethiopia | 16,961 | - |
| Zambia | 8,854 | - |
| Senegal | 13,900 | - |
| Cameroon | 12,933 | - |

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

**6.3 Eliminations and adjustments**

Elimination and adjustments relate to the following:

- Profit/(loss) after tax of ₦8.3 billion (2014: ₦10.9 billion) is due to elimination of interest on inter-company loan and trading activities.
- Non-current assets of ₦442.9 billion (2014: ₦315.9 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 ₦971.0 million (2014: ₦164.0 million) are due to the elimination of current inter-company payable and receivable balances.
- Total liabilities of ₦396.7 billion (2014: ₦277.2 billion) are due to the elimination of inter-company due to and due from related parties.
- Finance income of ₦22.0 billion (2014: ₦12.1billion) and finance cost of ₦40.8 billion (2014: ₦1.2 billion) is due to the elimination of interest and exchange losses on inter-company loan.
- Sales of ₦967 million represents sales by the Nigeria region to the West and central Africa Region

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

In addition to the depreciation and amortisation reported above, a sum of ₦1.624 billion (2014: ₦1.097 billion) in the financial statements was written off (impaired) in respect of property, plant and equipment. This was attributable to the Nigerian operations.

**7. Production cost of sales**

| | Group | | Company | |
|---|---|---|---|---|
| | Year ended 31/12/2015 ₦m | Year ended 31/12/2014 ₦m | Year ended 31/12/2015 ₦m | Year ended 31/12/2014 ₦m |
| Material consumed | 55,623 | 33,226 | 21,214 | 20,731 |
| Fuel & power consumed | 66,495 | 62,023 | 50,066 | 60,811 |
| Royalty* | 1,138 | 461 | 598 | 457 |
| Salaries and related staff costs | 15,263 | 10,756 | 11,282 | 9,876 |
| Depreciation & amortisation | 38,243 | 21,647 | 29,988 | 20,633 |
| Plant maintainance | 18,331 | 11,798 | 12,228 | 11,739 |
| Other production expenses | 10,830 | 7,477 | 5,804 | 5,760 |
| Increase in finished goods and work in progress | (4,115) | (4,330) | (762) | (1,423) |
| | **201,808** | **143,058** | **130,418** | **128,584** |

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

**8. Administrative expenses**

| | Group | | Company | |
|---|---|---|---|---|
| | Year ended 31/12/2015 ₦m | Year ended 31/12/2014 ₦m | Year ended 31/12/2015 ₦m | Year ended 31/12/2014 ₦m |
| Salaries and related staff costs* | 9,203 | 5,896 | 6,830 | 4,154 |
| Corporate social responsibility | 722 | 2,129 | 587 | 2,083 |
| Management fee (refer (a) below) | 2,839 | 1,048 | 2,839 | 1,048 |
| Depreciation and amortisation | 4,025 | 3,191 | 1,907 | 2,248 |
| Audit fees (b) | 285 | 239 | 191 | 176 |
| Directors' remuneration | 485 | 254 | 485 | 254 |
| Rent, rate and insurance | 3,642 | 1,789 | 2,500 | 1,138 |
| Repairs and maintenance | 781 | 931 | 650 | 697 |
| Travel expenses | 1,510 | 1,013 | 928 | 808 |
| Bank charges | 833 | 565 | 664 | 485 |
| General administrative expenses | 3,140 | 3,900 | 1,654 | 2,408 |
| Others (c) | 3,457 | 2,032 | 3,065 | 850 |
| Impairment of property, plant and equipment | 1,624 | 1,097 | 1,624 | 1,015 |
| | **32,546** | **24,084** | **23,924** | **17,364** |

* Prior year amounts have been regrouped to align with current year presentation. Wages and salaries amounting to ₦3.6 billion in prior year have been allocated to selling and distribution expenses. This does not have any impact on the results.

(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 to Annual Audit fees, ₦21.0 million was paid to Akintola Williams Deloitte for limited quarterly reviews.

(c) The amount for the current year includes ₦2.4 billion for professional and consultancy fees.

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

Other employee related disclosures:

| **Aggregate payroll costs:** | **Group** Year ended 31/12/2015 ₦m | Year ended 31/12/2014 ₦m | **Company** Year ended 31/12/2015 ₦m | Year ended 31/12/2014 ₦m |
|---|---|---|---|---|
| Wages, salaries and staff welfare | 29,050 | 18,988 | 22,209 | 16,640 |
| Pension costs | 931 | 722 | 658 | 448 |
| Gratuity provision | 646 | 517 | 646 | 517 |
| | **30,627** | **20,227** | **23,513** | **17,605** |

Chairman's and Directors' remuneration:

| | **Group** Year ended 31/12/2015 ₦m | Year ended 31/12/2014 ₦m | **Company** Year ended 31/12/2015 ₦m | Year ended 31/12/2014 ₦m |
|---|---|---|---|---|
| Directors' remuneration comprises: | | | | |
| Fees | 45 | 33 | 45 | 33 |
| Emoluments | 440 | 221 | 440 | 221 |
| | 485 | 254 | 485 | 254 |
| Chairman | **21** | **20** | **21** | **20** |
| Highest paid Director | **208** | **99** | **208** | **99** |

Number of Directors whose emoluments were within the following ranges:

| ₦ ₦ | | | | |
|---|---|---|---|---|
| 0 – 3,200,000 | 1 | 2 | 1 | 2 |
| 3,200,001 – 8,750,000 | - | - | - | - |
| 8,750,001 – 20,000,000 | 1 | 6 | 1 | 6 |
| Above 20,000,000 | 11 | 3 | 11 | 3 |
| | **13** | **11** | **13** | **11** |

Permanent employees remunerated at higher rate excluding allowances:

| ₦ ₦ | | | | |
|---|---|---|---|---|
| Up to 250,000 | 9,164 | 4,497 | 8,482 | 4,344 |
| 250,001 - 500,000 | 1,787 | 983 | 1,580 | 884 |
| 500,001 - 750,000 | 951 | 1,005 | 853 | 936 |
| 750,001 - 1,000,000 | 954 | 529 | 923 | 517 |
| 1,000,001 - 1,250,000 | 251 | 619 | 232 | 610 |
| 1,250,001 - 1,500,000 | 105 | 272 | 93 | 269 |
| 1,500,001 - 2,000,000 | 432 | 430 | 304 | 345 |
| 2,000,001and above | 645 | 650 | 279 | 391 |
| | **14,289** | **8,985** | **12,746** | **8,296** |
| The average number of permanent employees employed during the year excluding Directors was as follows: | | | | |
| Management | 453 | 295 | 302 | 222 |
| Non-management | 12,327 | 7,917 | 10,970 | 7,578 |
| | **12,780** | **8,212** | **11,272** | **7,800** |

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

| **9. Selling and distribution expenses** | **Group** | | **Company** | |
|---|---|---|---|---|
| | **Year ended 31/12/15 ₦m** | **Year ended 31/12/14 ₦m** | **Year ended 31/12/15 ₦m** | **Year ended 31/12/14 ₦m** |
| Salaries and related staff costs* | 6,161 | 3,575 | 5,401 | 3,575 |
| Depreciation | 12,358 | 11,428 | 11,818 | 11,321 |
| Advertisement and promotion | 3,147 | 1,401 | 2,174 | 1,236 |
| Haulage expenses | 29,276 | 23,089 | 21,372 | 20,577 |
| Others | 2,558 | 1,511 | 2,558 | 1,511 |
| | **53,500** | **41,004** | **43,323** | **38,220** |

* Prior year amounts have been regrouped to align with current year presentation. This does not have any impact on the results. (see note 8)

| **10. Finance income and finance costs** | **Group** | | **Company** | |
|---|---|---|---|---|
| | **Year ended 31/12/15 ₦m** | **Year ended 31/12/14 ₦m** | **Year ended 31/12/15 ₦m** | **Year ended 31/12/14 ₦m** |
| **Finance income:** | | | | |
| Interest income | 1,699 | 3,147 | 23,410 | 15,140 |
| Foreign exchange gain (Note 10.1) | 33,120 | 27,418 | 33,120 | 27,359 |
| | **34,819** | **30,565** | **56,530** | **42,499** |
| **Finance costs:** | | | | |
| Interest expenses | 33,807 | 22,117 | 27,809 | 17,982 |
| Less: amounts included in the cost of qualifying assets | (653) | (4,068) | (653) | (1,715) |
| | 33,154 | 18,049 | 27,156 | 16,267 |
| Foreign exchange loss (Note 10.1) | 20,870 | 14,545 | 2,182 | 3,716 |
| Defined benefit obligation | 285 | 356 | 285 | 356 |
| Unwinding of discount | 38 | 28 | 38 | 28 |
| | **54,347** | **32,978** | **29,661** | **20,367** |

The average effective interest rate on funds borrowed generally is 12.9% and 12.6% per annum for the Group and Company respectively (2014: 10% per annum for both 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.

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

### 11. Other income

| | Group | | Company | |
|---|---|---|---|---|
| | Year ended 31/12/15 ₦m | Year ended 31/12/14 ₦m | Year ended 31/12/15 ₦m | Year ended 31/12/14 ₦m |
| Insurance claims | 39 | 106 | 30 | 106 |
| Government grant (Note 25.1) | 478 | 542 | 478 | 542 |
| Sundry income | 3,434 | 2,961 | 1,640 | 2,894 |
| | **3,951** | **3,609** | **2,148** | **3,542** |

### 12. Profit for the year

Profit for the year includes the following charges:

| | Group | | Company | |
|---|---|---|---|---|
| | Year ended 31/12/15 ₦m | Year ended 31/12/14 ₦m | Year ended 31/12/15 ₦m | Year ended 31/12/14 ₦m |
| Depreciation of property, plant and equipment | 54,228 | 35,985 | 43,416 | 33,968 |
| Amortisation of intangible assets | 398 | 281 | 297 | 234 |
| Auditors' fees | 285 | 239 | 191 | 176 |
| Employee benefits expense | 30,627 | 20,227 | 23,513 | 17,605 |
| Loss on disposal of property, plant and equipment | 1 | 59 | - | 59 |

### 13. Earnings per share

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

| | Group | | Company | |
|---|---|---|---|---|
| | Year ended 31/12/15 ₦m | Year ended 31/12/14 ₦m | Year ended 31/12/15 ₦m | Year ended 31/12/14 ₦m |
| Profit for the year attributable to owners of the Company | 184,994 | 160,578 | 213,171 | 185,814 |
| Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share | 17,041 | 17,041 | 17,041 | 17,041 |
| **Basic & diluted earnings per share (Naira)** | **10.86** | **9.42** | **12.51** | **10.90** |

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

### 14. Income taxes

#### 14.1 Income tax recognised in profit or loss

| | Group | | Company | |
|---|---|---|---|---|
| | **Year ended 31/12/15 ₦m** | **Year ended 31/12/14 ₦m** | **Year ended 31/12/15 ₦m** | **Year ended 31/12/14 ₦m** |
| **Current tax** | | | | |
| Current tax expense in respect of the current year | (1,042) | (2,141) | (1,037) | (2,141) |
| **Deferred tax** | | | | |
| Deferred tax expense recognised in the current year | (5,929) | (23,047) | (6,359) | (25,085) |
| Total income tax recognised in the current year | **(6,971)** | **(25,188)** | **(7,396)** | **(27,226)** |

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

| | Group | | Company | |
|---|---|---|---|---|
| | **Year ended 31/12/15 ₦m** | **Year ended 31/12/14 ₦m** | **Year ended 31/12/15 ₦m** | **Year ended 31/12/14 ₦m** |
| Profit before income tax | **188,294** | **184,688** | **220,567** | **213,040** |
| Income tax expense calculated at 30% (2014: 30%) | (56,488) | (55,406) | (66,170) | (63,912) |
| Education Tax | (1,037) | (2,140) | (1,037) | (2,140) |
| Effect of tax holiday and income that is exempt from taxation | 54,891 | 45,861 | 54,811 | 42,624 |
| Effect of expenses that are not deductible in determining taxable profit | (21) | (7,244) | (21) | (3,512) |
| Effect of previously unrecognised temporary difference now recognised as deferred tax assets | 4,237 | - | 4,237 | - |
| Effect of unused tax losses and offsets not recognised as deferred tax assets | (6,951) | (5,511) | - | - |
| Effect of different tax rates of subsidiaries operating in other jurisdictions | (17) | (11) | - | - |
| Other | (1,585) | (735) | 784 | (286) |
| Income tax income recognised in profit or loss | **(6,971)** | **(25,188)** | **(7,396)** | **(27,226)** |

An income tax rate of 30% was used for the company tax computation as established by the tax legislation of Nigeria effective in 2015 and 2014.

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

### 14.2 Current tax liabilities

| | Group | | Company | |
|---|---|---|---|---|
| | 31/12/15 | 31/12/14 | 31/12/15 | 31/12/14 |
| | ₦m | ₦m | ₦m | ₦m |
| Balance at the begining of the year | 2,481 | 566 | 2,481 | 566 |
| Charged during the year | 1,042 | 2,141 | 1,037 | 2,141 |
| Payment during the year | (2,234) | (226) | (2,213) | (226) |
| Balance at the end of the year | **1,289** | **2,481** | **1,305** | **2,481** |

### 14.3 Deferred tax balance

| | Group | | Company | |
|---|---|---|---|---|
| | 31/12/15 | 31/12/14 | 31/12/15 | 31/12/14 |
| | ₦m | ₦m | ₦m | ₦m |
| Deferred tax assets | 14,465 | 16,633 | 10,913 | 13,154 |
| Deferred tax liabilities | (24,504) | (20,473) | (23,998) | (19,880) |
| Net deferred tax liabilities | **(10,039)** | **(3,840)** | **(13,085)** | **(6,726)** |

| | Group | | | |
|---|---|---|---|---|
| **2015** | **Opening balance** | **Recognised in profit or loss** | **Effect of balance translation** | **Closing balance** |
| | ₦m | ₦m | ₦m | ₦m |
| **Deferred tax assets / (liabilities) in relation to:** | | | | |
| Property, plant & equipment | (479) | 3,239 | - | 2,760 |
| Unrealised exchange (gain)/loss | (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)** |

| **2014** | **Opening balance** | **Recognised in profit or loss** | **Effect of balance translation** | **Closing balance** |
|---|---|---|---|---|
| | ₦m | ₦m | ₦m | ₦m |
| **Deferred tax assets / (liabilities) in relation to:** | | | | |
| Property, plant & equipment | 16,988 | (17,467) | - | (479) |
| Unrealised exchange (gain)/loss | - | (7,128) | | (7,128) |
| Provision for doubtful debts | 700 | (310) | - | 390 |
| Other provisions | 766 | (179) | - | 587 |
| Other | 674 | 2,037 | 79 | 2,790 |
| | **19,128** | **(23,047)** | **79** | **(3,840)** |

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

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

| **2014** | **Opening balance** | **Recognised in profit or loss** | **Closing balance** |
|---|---|---|---|
| | **₦m** | **₦m** | **₦m** |
| **Deferred tax assets /(liabilities) in relation to:** | | | |
| Property, plant & equipment | 16,772 | (17,467) | (695) |
| Unrealised exchange (gain)/loss | - | (7,128) | (7,128) |
| Provision for doubtful debts | 699 | (310) | 389 |
| Other provisions | 888 | (180) | 708 |
| | **18,359** | **(25,085)** | **(6,726)** |

Tax authorities in the jurisdictions that we operate in reserve the right to audit the tax charges for the financial year ended 31st December, 2015 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.

The pioneer status of lines 1&2 of our Obajana plant and Gboko plant expired on 31st December, 2013. In determining the tax liability, the Directors have exercised the right of election in line with the commencement rule in Part IV of CITA 2004 which means that the Company will be assessed on an actual year basis for tax. This may result in a higher effective tax rate for the 2016 Financial Year.

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

**15 Property, plant and equipment**

**15.1 The Group**

| | Leasehold improvements and buildings ₦m | Plant and machinery ₦m | Motor vehicles ₦m | Aircraft ₦m | Furniture & equipment ₦m | Capital work-In-progress ₦m | Total ₦m |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| At 1st January, 2014 | **35,857** | **320,068** | **51,053** | **-** | **1,777** | **248,019** | **656,774** |
| Additions | 773 | 6,007 | 4,510 | - | 231 | 205,671 | 217,192 |
| Reclassifications (Note 15.1.1) | 5,585 | 70,309 | 14,338 | 4,028 | 4 | (94,264) | - |
| Other reclassifications (Note 15.1.2) | (30) | (307) | 379 | - | (5) | (9,822) | (9,785) |
| Disposal (Note 15.1.3) | - | (1,701) | (688) | - | - | - | (2,389) |
| Write-off (Note 15.1.4) | - | (738) | (961) | - | - | (70) | (1,769) |
| Effect of currency exchange differences | (82) | (248) | (88) | - | (17) | (1,563) | (1,998) |
| Balance at 31st December, 2014 | **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** |
| Accumulated depreciation and impairment | | | | | | | |
| At 1st January, 2014 | **3,803** | **49,883** | **20,858** | **-** | **765** | **-** | **75,309** |
| Depreciation expense | 1,930 | 20,615 | 12,670 | 311 | 459 | - | 35,985 |
| Other reclassifications (Note 15.1.2) | - | - | 379 | - | - | - | 379 |
| Disposal (Note 15.1.3) | - | (182) | (662) | - | - | - | (844) |
| Write-off (Note 15.1.4) | - | (34) | (638) | - | - | - | (672) |
| Effect of currency exchange differences | 20 | 14 | 36 | - | 4 | - | 74 |
| Balance at 31st December, 2014 | **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) | - | - | - | - |
| Other reclassifications (Note 15.1.2) | - | - | - | - | - | - | - |
| 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** |
| Carrying amounts: | | | | | | | |
| At 31st December, 2014 | 36,350 | 323,094 | 35,900 | 3,717 | 762 | 347,971 | 747,794 |
| At 31st December, 2015 | **108,840** | **636,818** | **55,317** | **3,314** | **2,957** | **109,966** | **917,212** |

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

**15.1.2** Includes amount transferred to related parties and prepayment to be amortised over the years; depreciation on assets used for project work capitalised and reclassification from intangible assets.

**15.1.3** Represents motor trucks disposed during the year

**15.1.4** Represents write off and impairment on damaged motor trucks and plant & machinery charged to profit or loss

**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, 2015

**15 Property, plant and equipment**

| 15.2 The company | Leasehold improvements and buildings ₦m | Plant and machinery ₦m | Motor vehicles ₦m | Aircraft ₦m | Furniture & equipment ₦m | Capital work-In-progress ₦m | Total ₦m |
|---|---|---|---|---|---|---|---|
| **Cost** | | | | | | | |
| At 1st January, 2014 | **32,688** | **315,496** | **47,161** | **-** | **1,238** | **128,737** | **525,320** |
| Additions | 38 | 2,578 | 618 | - | 91 | 118,472 | 121,797 |
| Reclassifications (Note 15.2.1) | 2,559 | 12,245 | 14,115 | 4,028 | 4 | (32,951) | - |
| Other reclassifications (Note 15.2.2) | - | (307) | - | - | (5) | (10,281) | (10,593) |
| Disposal (Note 15.2.3) | - | (1,701) | (688) | - | - | - | (2,389) |
| Write-off (Note 15.2.4) | - | (737) | (915) | - | - | - | (1,652) |
| Balance at 31st December, 2014 | **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** |
| **Accumulated depreciation and impairment** | | | | | | | |
| Balance at 1st January, 2014 | **3,769** | **49,085** | **19,855** | **-** | **565** | **-** | **73,274** |
| Depreciation expense | 1,812 | 19,438 | 12,072 | 311 | 335 | - | 33,968 |
| Disposal (Note 15.2.3) | - | (182) | (662) | - | - | - | (844) |
| Write-off (Note 15.2.4) | - | (34) | (603) | - | - | - | (637) |
| Balance at 31st December, 2014 | **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) |
| Impairment (Note 15.2.4) | - | - | 1,624 | - | - | - | 1,624 |
| Balance at 31st December, 2015 | **7,706** | **95,373** | **34,642** | **714** | **1,198** | **-** | **139,633** |
| Carrying amounts | | | | | | | |
| At 31st December, 2014 | 29,704 | 259,267 | 29,629 | 3,717 | 428 | 203,977 | 526,722 |
| At 31st December, 2015 | **35,971** | **435,426** | **38,797** | **3,314** | **405** | **63,104** | **577,017** |

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

**15.2.2** Includes amount transferred to prepayment to be amortised over the years

**15.2.3** Represents motor trucks 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

**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, 2015

**16. Intangible assets**

| **Group** | **Computer software ₦m** | **Exploration assets ₦m** | **Total ₦m** |
|---|---|---|---|
| **Cost** | | | |
| At 1st January, 2014 | **1,298** | **1,495** | **2,793** |
| Additions | 967 | 629 | 1,596 |
| Other reclassifications | 30 | - | 30 |
| Effect of foreign currency differences | 7 | 45 | 52 |
| Balance at 31st December, 2014 | **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** |
| **Amortisation** | | | |
| At 1st January, 2014 | **487** | **-** | **487** |
| Amortisation expense | 266 | 15 | 281 |
| Effect of foreign currency differences | 4 | - | 4 |
| Balance at 31st December, 2014 | **757** | **15** | **772** |
| Amortisation expense | 384 | 14 | 398 |
| Effect of foreign currency differences | (36) | (5) | (41) |
| **Balance at 31st December, 2015** | **1,105** | **24** | **1,129** |
| **Carrying amounts** | | | |
| At 31st December, 2014 | 1,545 | 2,154 | 3,699 |
| **At 31st December, 2015** | **1,448** | **1,162** | **2,610** |

Intangible assets (computer software) represents software which has a useful life of 3 years and amortised on a straight-line basis over these years.

There is no development expenditure capitalised as internaly generated intangible assets.

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

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

| Company | Computer software ₦m | Total ₦m |
|---|---|---|
| **Cost** | | |
| At 1st January, 2014 | **1,034** | **1,034** |
| Additions | 244 | 244 |
| Balance at 31st December, 2014 | 1,278 | 1,278 |
| Balance at 31st December, 2015 | 1,278 | 1,278 |
| **Amortisation** | | |
| At 1st January, 2014 | **362** | **362** |
| Amortisation expense | 234 | 234 |
| Balance at 31st December, 2014 | **596** | **596** |
| Amortisation expense | 297 | 297 |
| Balance at 31st December, 2015 | 893 | 893 |
| **Carrying amounts** | | |
| At 31st December, 2014 | 682 | 682 |
| At 31st December, 2015 | **385** | **385** |

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

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

**17. Information regarding subsidiaries and associates**

**17.1 Subsidiaries**

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

| Dangote Cement<br>Name of subsidiary | Principal activity | Place of incorporation and operation | Proportion of ownership or voting power held by the Group<br>31/12/15 | 31/12/14 |
|---|---|---|---|---|
| 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 Cameroon S.A | Cement Grinding | Cameroon | 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 Marketing Senegal SA | Selling and distribution of cement | Senegal | 100.00% | 100.00% |
| Dangote Cement Burkina 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% | - |
| Dangote Zimbabwe Holdings (Private) Limited | Cement production | Zimbabwe | 90.00% | - |
| Dangote Cement Zimbabwe (Private) Limited | Cement production | Zimbabwe | 90.00% | - |
| Dangote Energy Zimbabwe (Private) Limited | Power production | Zimbabwe | 90.00% | - |
| Dangote Mining Zimbabwe (Private) Limited | Coal production | Zimbabwe | 90.00% | - |

| Indirect subsidiaries<br>Names of Dangote Cement South Africa Pty Limited subsidiaries | | Proportion of voting power held by Dangote Cement S. Africa Ltd | | |
|---|---|---|---|---|
| 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) Limited subsidiary | | Proportion of voting power held by Dangote Industries (Zambia) Limited | | |
|---|---|---|---|---|
| Dangote Quarries (Zambia) Limited | Limistone Mining | Zambia | 49.90% | 49.90% |

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

### 17.2 Investments in subsidiaries

| | Group | | Company | |
|---|---|---|---|---|
| | 31/12/15 | 31/12/14 | 31/12/15 | 31/12/14 |
| | ₦m | ₦m | ₦m | ₦m |
| Dagote Cement South Africa(Pty) Limited | - | - | 24,283 | 24,283 |
| Dangote Industries (Ethiopia) Plc | - | - | 1,619 | 1,619 |
| Dangote Industries (Zambia) Limited | - | - | - | - |
| Dangote Cement Senegal S.A | - | - | 29 | 29 |
| Dangote Cement Cameroon S.A | - | - | 9 | 9 |
| Dangote Cement Ghana | - | - | - | - |
| Dangote Industries Limited, Tanzania | - | - | 70 | 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 | 4 |
| Dangote Cement Burkina 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. | - | - | 1 | 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 | - | - | - | - |
| | - | - | 26,075 | 26,075 |

### 17.3 Investment in associate

| | Group | | Company | |
|---|---|---|---|---|
| | 31/12/15 | 31/12/14 | 31/12/15 | 31/12/14 |
| | ₦m | ₦m | ₦m | ₦m |
| Societe des Ciments d'Onigbolo | 1,582 | 1,582 | 1,582 | 1,582 |
| | 1,582 | 1,582 | 1,582 | 1,582 |
| Impairment | - | (1,582) | - | (1,582) |
| | 1,582 | - | 1,582 | - |

In previous years, the investment in Societe des Ciments d'Onigbolo, Republic of Benin was impaired fully. Although we held 43%, we did not have any significant influence on the entity and did not have access to the financial records of the entity. Further to negotiation with the majority shareholder, we now have significant influence and are participating in the decisions. Our review of the financial position of the entity shows that the entity has significant assets which are predominantly cash held with banks which justifies the reversal of the impairment.

The entity is not yet fully operational 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, 2015

### 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 | |
|---|---|---|---|
| | | **2015** | **2014** |
| Cement production | Congo | 1 | 1 |
| Bagging and distribution of cement | Liberia | 1 | 1 |
| Selling and distribution | Senegal | 1 | 1 |
| Bagging and distribution of cement | Ghana | 1 | 1 |
| Cement production | Nepal | 1 | - |

| Principal activity | Place of incorporation and operation | Number of Non-wholly-owned subsidiaries | |
|---|---|---|---|
| | | **2015** | **2014** |
| Clinker & cement production | South Africa | 1 | 1 |
| Cement production | Ethiopia | 1 | 1 |
| Cement production | Zambia | 1 | 1 |
| Cement production | Senegal | 1 | 1 |
| Cement Grinding | Cameroon | 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 | Burkina Faso | 1 | 1 |
| Selling and distribution | Chad | 1 | 1 |
| Selling and distribution | Mali | 1 | 1 |
| Selling and distribution | Niger | 1 | 1 |
| Cement production | Kenya | 1 | 1 |
| Limestone minning | Kenya | 1 | 1 |
| Cement production | Madagascar | 1 | 1 |
| Selling and distribution | Benin | 1 | 1 |
| Selling and distribution | Togo | 1 | 1 |
| Cement production | Mozambique | 1 | 1 |
| Holding company | Zimbabwe | 1 | - |
| Cement production | Zimbabwe | 1 | - |
| Power production | Zimbabwe | 1 | - |
| Coal production | Zimbabwe | 1 | - |

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

**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 | |
|---|---|---|---|---|---|---|---|
| | | 2015 | 2014 | 2015 ₦m | 2014 ₦m | 2015 ₦m | 2014 ₦m |
| 1. Dangote Cement South Africa Pty Limited | South Africa | 36.00% | 36.00% | (174) | 649 | 5,367 | 6,689 |
| 2. Dangote Industries (Zambia) Limited | Zambia | 25.00% | 25.00% | (1,017) | - | (3,819) | - |

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

**17.5** 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 | | Dangote Industries (Zambia) Limited | |
|---|---|---|---|---|
| | **2015 ₦m** | **2014 ₦m** | **2015 ₦m** | **2014 ₦m** |
| **Information in respect of the financial position of the subsidiaries** | | | | |
| Current assets | 11,353 | 7,096 | 4,882 | 1,997 |
| Non-current assets | 47,330 | 59,581 | 54,679 | 51,576 |
| Current liabilities | 16,181 | 10,923 | 73,856 | 53,344 |
| Non-current liabilities | 27,593 | 37,174 | 982 | 227 |
| Equity attributable to owners of the Company | 14,831 | 18,502 | (15,277) | 2 |
| Non-controlling interests | 78 | 78 | - | - |
| **Information in respect of the profit and loss and other comprehensive income** | | | | |
| Revenue | 35,393 | 13,910 | 8,854 | - |
| Expenses | (36,242) | (14,190) | (12,922) | - |
| Tax credit | 366 | 2,083 | - | - |
| Profit/(loss) for the year | **(483)** | **1,803** | **(4,068)** | **-** |
| Profit/(loss) attributable to owners of the Company | (309) | 1,154 | (3,051) | - |
| Profit/(loss) attributable to the non-controlling interests | (174) | 649 | (1,017) | - |
| **Profit/(loss) for the year** | **(483)** | **1,803** | **(4,068)** | **-** |
| Other comprehensive income | - | - | (15,763) | - |
| Total comprehensive income for the year | **(483)** | **1,803** | **(19,831)** | **-** |
| Total comprehensive income attributable to owners of the Company | (309) | 1,154 | (14,873) | - |
| Total comprehensive income attributable to the non-controlling interests | (174) | 649 | (4,958) | - |
| Total comprehensive income for the year | **(483)** | **1,803** | **(19,831)** | **-** |
| **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 | 366 | (8,883) | 1,139 |
| Net cash outflow from investing activities | (196) | (7,008) | (21,280) | (26,712) |
| Net cash (outflow)/inflow from financing activities | (1,998) | 7,230 | 32,544 | 25,848 |
| Net cash inflow | **3,045** | **588** | **2,381** | **275** |

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

### 17.6 Change in the Group's ownership interest in a subsidiary

There was no disposal of investment in any of the subsidiaries undertaken by the Group during the reporting year. Additional subsidiaries were acquired/incorporated in Zimbabwe and Nepal during the year.

### 17.7 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.

### 17.8 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 were 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 LIBOR + 3% 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 has 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:

| | 2015<br>₦m | 2014<br>₦m |
|---|---:|---:|
| Dangote Cement Ghana Limited | 568 | 690 |
| Dangote Cement Senegal S.A | 1,503 | 6,335 |
| Dangote Industries (Zambia) Limited | 3,713 | 14,584 |
| Dangote Cement Cameroon S.A | 3,826 | 4,208 |
| Dangote Industries (Ethiopia) Plc | 13,352 | 13,793 |
| Dangote Industries Limited, Tanzania | 19,780 | 21,972 |
| Dangote Cement (Sierra Leone) Limited | 486 | 838 |
| Dangote Cement Congo S.A | 12,616 | 13,119 |
| Dangote Cement Cote D'Ivoire S.A | 839 | 476 |
| Dangote Industries Gabon S.A | 2 | - |
| Dangote Cement Liberia Ltd. | 123 | 28 |
| | **56,808** | **76,043** |

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 7% to 10%.

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

## 18. Prepayments

| | Group | | Company | |
|---|---|---|---|---|
| | 31/12/15 ₦m | 31/12/14 ₦m | 31/12/15 ₦m | 31/12/14 ₦m |
| **18.1 Prepayments for property, plant & equipment** | | | | |
| Non-current | | | | |
| Advance to contractors | 9,094 | 79,491 | - | 1,773 |
| Total non-current prepayments | **9,094** | **79,491** | **-** | **1,773** |
| | | | | |
| **18.2 Prepayments and other current assets** | | | | |
| Advance to contractors | 18,009 | 26,624 | 11,726 | 25,543 |
| Deposits for import | 24,295 | 17,880 | 24,295 | 17,880 |
| Deposit for supplies | 7,412 | 5,837 | 5,829 | 5,531 |
| Rent, rates and insurance | 2,167 | 2,203 | 1,528 | 1,858 |
| Total current prepayments* | **51,883** | **52,544** | **43,378** | **50,812** |
| | | | | |
| **Related party transactions** | | | | |
| Parent company | - | - | - | - |
| Entities controlled by the parent company | 8,169 | 10,938 | 8,169 | 10,938 |
| Affiliates and associates of parent company | 474 | 538 | 456 | 538 |
| Total related party transactions | 8,643 | 11,476 | 8,625 | 11,476 |
| Prepayments and other current assets | **60,526** | **64,020** | **52,003** | **62,288** |

*Prior year, deposit for supplies amounting 5.8 billion and ₦5.5 billion for the Group and Company respectively have been presented as prepayments and other current asset in the current year (see note 20).

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 LPFO, AGO, coal and other materials which were not received at the year end.

| | Group | | Company | |
|---|---|---|---|---|
| **19. Inventories** | 31/12/15 ₦m | 31/12/14 ₦m | 31/12/15 ₦m | 31/12/14 ₦m |
| Finished product | 5,732 | 4,304 | 4,118 | 2,973 |
| Work-in-progress | 7,441 | 4,754 | 2,220 | 2,603 |
| Raw materials | 3,917 | 3,931 | 2,516 | 3,015 |
| Packaging materials | 3,474 | 1,323 | 1,299 | 995 |
| Consumables | 2,184 | 4,233 | 2,006 | 4,161 |
| Fuel | 7,165 | 9,249 | 5,943 | 9,171 |
| Spare parts | 21,904 | 13,473 | 20,163 | 12,875 |
| Goods in transit | 1,301 | 1,420 | 104 | 522 |
| | **53,118** | **42,687** | **38,369** | **36,315** |

The cost of inventories recognised as an expense during the year was ₦116.72 billion and ₦79.75 billion (2014: ₦85.87 billion and ₦79.98 billion) in the consolidated and separate financial statements respectively.

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

| **20. Trade and other receivables** | **Group** | | **Company** | |
|---|---|---|---|---|
| | **31/12/15** | **31/12/14** | **31/12/15** | **31/12/14** |
| | **₦m** | **₦m** | **₦m** | **₦m** |
| Trade receivables | 7,559 | 5,526 | 3,924 | 2,398 |
| Impairment allowance on trade receivables | (1,325) | (1,303) | (1,298) | (1,298) |
| | **6,234** | **4,223** | **2,626** | **1,100** |
| Staff loans and advances | 1,045 | 656 | 919 | 620 |
| Other receivables | 4,265 | 4,924 | 707 | 1,212 |
| Total trade and other receivables* | **11,544** | **9,803** | **4,252** | **2,932** |

*Prior year, deposit for supplies amounting 5.8 billion and ₦5.5 billion for the Group and Company respectively have been presented as prepayments and other current asset in the current year. This is meant to show only financial receivables in this section.

**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, ₦603.6 million (2014: ₦301 million) is due from the Group'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 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** | |
|---|---|---|---|---|
| | **31/12/15** | **31/12/14** | **31/12/15** | **31/12/14** |
| | **₦m** | **₦m** | **₦m** | **₦m** |
| 0 - 60 days | 1,848 | 674 | 1,120 | 222 |
| 60 - 90 days | 253 | 101 | 85 | 32 |
| 90 - 120 days | 247 | 182 | 139 | 124 |
| 120+ | 625 | 445 | 625 | 445 |
| **Total** | **2,973** | **1,402** | **1,969** | **823** |
| **Average age (days)** | **32** | **27** | **26** | **25** |

**Movement in the allowance for doubtful debts**

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **31/12/15** | **31/12/14** | **31/12/15** | **31/12/14** |
| | **₦m** | **₦m** | **₦m** | **₦m** |
| **Balance at the beginning of the year** | **1,303** | **2,716** | **1,298** | **2,633** |
| Impairment losses recognised on receivables | 22 | 7 | - | - |
| Amounts written off during the year as uncollectible | - | (1,335) | - | (1,335) |
| Impairment losses reversed | - | (85) | - | - |
| Balance at the end of the year | **1,325** | **1,303** | **1,298** | **1,298** |

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

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

**Age of past-due and impaired trade receivables**

| | Group | | Company | |
|---|---|---|---|---|
| | **31/12/15 ₦m** | **31/12/14 ₦m** | **31/12/15 ₦m** | **31/12/14 ₦m** |
| 60-90 days | 4 | - | - | - |
| 90-120 days | 1 | - | - | - |
| 120+ days | 1,320 | 1,303 | 1,298 | 1,298 |
| | **1,325** | **1,303** | **1,298** | **1,298** |

| **21. Share capital and reserves** | **31/12/15 ₦m** | **31/12/14 ₦m** |
|---|---|---|
| Issued and fully paid | | |
| **21.1** Share capital 17,040,507,405 | | |
| (2014: 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 share carry one vote per fully paid up ordinary share and a right to dividends when declared and approved.

**21.3 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.

**21.4 Currency translation reserve**

Exchange differences 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 the foreign operation.

**21.5 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 capital contribution.

**22. Dividend**

On 29th April 2015, a dividend of N6.00 per share (total dividend ₦102.24 billion) was approved by shareholders to be paid to holders of fully paid ordinary shares in relation to the 2014 financial year.

In respect of the current year, the Directors proposed a dividend of ₦8.00 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.

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

| **23. Trade and other payables** | **Group** | | **Company** | |
|---|---|---|---|---|
| | **31/12/15** | **31/12/14** | **31/12/15** | **31/12/14** |
| | **₦m** | **₦m** | **₦m** | **₦m** |
| Trade payables | 44,044 | 34,535 | 30,341 | 33,085 |
| Payable to contractors | 34,234 | 19,015 | 19,893 | 9,063 |
| Value added tax | 1,520 | 5,741 | 110 | 5,741 |
| Withholding tax payable | 5,006 | 3,695 | 1,557 | 1,231 |
| Staff pension (Note 28.1) | 44 | 134 | 40 | 94 |
| Advances from customers | 11,286 | 9,352 | 8,769 | 9,057 |
| Other accruals and payables | 31,463 | 21,836 | 18,874 | 15,514 |
| Total trade and other payables* | **127,597** | **94,308** | **79,584** | **73,785** |

The average credit period on purchases of goods is 85 days (2014: 94 days). Normally, no interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.
* See note 24.

| **24 Financial liabilities** | **Group** | | **Company** | |
|---|---|---|---|---|
| | **31/12/15** | **31/12/14** | **31/12/15** | **31/12/14** |
| | **₦m** | **₦m** | **₦m** | **₦m** |
| **Unsecured borrowings at amortised cost** | | | | |
| Subordinated loans (Note 24(a)) | 29,989 | 29,989 | 29,989 | 29,989 |
| Loans from Dangote Industries Limited | 146,200 | 125,000 | 146,200 | 125,000 |
| Bulk Commodities loans | 657 | 514 | 657 | 514 |
| | **176,846** | **155,503** | **176,846** | **155,503** |
| **Secured borrowings at amortised cost** | | | | |
| Power intervention loan (Note 24 (b) ) | 14,661 | 16,743 | 14,661 | 16,743 |
| Bank loans | 53,462 | 70,336 | 16,411 | 29,631 |
| | **68,123** | **87,079** | **31,072** | **46,374** |
| Total borrowings at 31st December, 2015 | **244,969** | **242,582** | **207,918** | **201,877** |
| Long-term portion of loans and borrowings | **208,329** | **131,942** | **181,384** | **95,435** |
| Current portion repayable in one year and shown under current liabilities | 33,693 | 106,450 | 26,534 | 106,442 |
| Overdraft balances | 2,947 | 4,190 | - | - |
| Short-term portion | **36,640** | **110,640** | **26,534** | **106,442** |
| Interest payable | 10,635 | 6,623 | 10,635 | 6,623 |
| **Financial liabilities*(short term)** | **47,275** | **117,263** | **37,169** | **113,065** |

*Prior year interest payable of N6.6 billion that was presented as part of payables has been presented as financial liabilities since the interest is related to the borrowings

(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

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

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.

| | Currency | Nominal rate interest | Maturity | Group 31/12/15 ₦m | Group 31/12/14 ₦m |
|---|---|---|---|---|---|
| Bank overdrafts | | | On demand | 2,947 | 4,190 |
| **Other borrowings** | | | | | |
| Subordinated loans from parent company | Naira | 14% | 12/2019 | 29,989 | 29,989 |
| Other loans from parent company | Naira | 14% | 12/2017&2019 | 146,200 | 125,000 |
| Loan from Bulk Commodities Inc. | USD | 6% | On demand | 657 | 514 |
| Power intervention loan | Naira | 7% | 07 & 12/2021 | 14,661 | 16,743 |
| Short term loans from banks | USD | 6% | 2016 | 19,163 | 29,631 |
| Nedbank/Standard Bank loan | Rands | 9.95% | 11/2022 | 31,352 | 36,515 |
| | | | | 242,022 | 238,392 |
| Total borrowings at 31st December, | | | | **244,969** | **242,582** |

| | Currency | Nominal rate interest | Maturity | Company 31/12/15 ₦m | Company 31/12/14 ₦m |
|---|---|---|---|---|---|
| Subordinated loans | Naira | 14% | 12/2019 | 29,989 | 29,989 |
| Loans from Parent Company | Naira | 14% | 12/2017 & 2019 | 146,200 | 125,000 |
| Loan from Bulk Commodities Inc. | USD | 6% | On demand | 657 | 514 |
| Power intervention loan | Naira | 7% | 07 & 12/2021 | 14,661 | 16,743 |
| Short term loans from Banks | USD | 6% | 2016 | 16,411 | 29,631 |
| Total borrowings at 31st December, | | | | **207,918** | **201,877** |

The maturity profiles of borrowings are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | 31/12/15 ₦m | 31/12/14 ₦m | 31/12/15 ₦m | 31/12/14 ₦m |
| Due within one month | 3,353 | 4,597 | 406 | 406 |
| Due from one to three months | 4,104 | 251 | 250 | 250 |
| Due from three to twelve months | 29,183 | 105,792 | 25,878 | 105,786 |
| **Total current portion repayable in one year** | **36,640** | **110,640** | **26,534** | **106,442** |
| Due in the second year | 97,032 | 7,850 | 92,625 | 2,625 |
| Due in the third year | 7,036 | 7,850 | 2,625 | 2,625 |
| Due in the fourth year | 36,395 | 37,209 | 31,985 | 31,985 |
| Due in the fifth year and further | 67,866 | 79,033 | 54,149 | 58,200 |
| **Total long-term portion of loans and borrowings** | **208,329** | **131,942** | **181,384** | **95,435** |
| Total | **244,969** | **242,582** | **207,918** | **201,877** |

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

| | Group | | Company | |
|---|---|---|---|---|
| **25. Deferred Revenue** | **31/12/15 ₦m** | **31/12/14 ₦m** | **31/12/15 ₦m** | **31/12/14 ₦m** |
| **25.1** Deferred revenue arising from government grant (refer to (a) below | 1,390 | 1,868 | 1,390 | 1,868 |
| | 1,390 | 1,868 | 1,390 | 1,868 |
| Current | 415 | 478 | 415 | 478 |
| Non-current | 975 | 1,390 | 975 | 1,390 |
| | **1,390** | **1,868** | **1,390** | **1,868** |

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

**Movement in deferred revenue**

| | Group | | Company | |
|---|---|---|---|---|
| | **31/12/15 ₦m** | **31/12/14 ₦m** | **31/12/15 ₦m** | **31/12/14 ₦m** |
| At 1st January, | 1,868 | 2,410 | 1,868 | 2,410 |
| Released to profit and loss account (Other income) | (478) | (542) | (478) | (542) |
| Closing balance | **1,390** | **1,868** | **1,390** | **1,868** |

| **25.2 Other current liabilities** | | | | |
|---|---|---|---|---|
| Current portion of deferred revenue | 415 | 478 | 415 | 478 |
| **Related party transactions** | | | | |
| Parent company | 7,291 | 5,696 | 7,256 | 5,696 |
| Entities controlled by the parent company | 1,387 | 5,925 | 1,035 | 5,359 |
| Affiliates and associates of parent company | 15,444 | 6,798 | 13,822 | 4,965 |
| **Total of related party transactions** | **24,122** | **18,419** | **22,113** | **16,020** |
| **Other current liabilities** | **24,537** | **18,897** | **22,528** | **16,498** |

**26. Provisions for liabilities and other charges**

| | Group | | Company | |
|---|---|---|---|---|
| | **31/12/15 ₦m** | **31/12/14 ₦m** | **31/12/15 ₦m** | **31/12/14 ₦m** |
| **Balance at beginning of the year** | **4,011** | **377** | **295** | **234** |
| Effect of foreign exchange differences | (44) | (21) | - | - |
| Provisions made during the year | 810 | 259 | 286 | 33 |
| Write back of provision no longer required | (1,532) | - | | |
| Unwinding of discount | 38 | 28 | 38 | 28 |
| Balance at the end of the year | 3,283 | 643 | 619 | 295 |
| Witholding tax payable | - | 3,368 | - | - |
| Balance at the end of the year | **3,283** | **4,011** | **619** | **295** |

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

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

Witholding tax payable on the loan from the parent company intended to be remitted to tax authorities as and when due.

**27. Long term payables**

| | Group | | Company | |
|---|---|---|---|---|
| | 31/12/15 ₦m | 31/12/14 ₦m | 31/12/15 ₦m | 31/12/14 ₦m |
| **Balance at beginning of the year** | **-** | **-** | **-** | **-** |
| Credit obtained during the year | 24,442 | - | 24,442 | |
| Repayment during the year | - | - | - | |
| Balance at the end of the year | **24,442** | **-** | **24,442** | **-** |

Long term payables represent amounts payable for property,plant and equipment acquired on suppliers' credit.

**28. Employee benefits**

| | Group | | Company | |
|---|---|---|---|---|
| **28.1 Defined contribution plans** | 31/12/15 ₦m | 31/12/14 ₦m | 31/12/15 ₦m | 31/12/14 ₦m |
| Balance at beginning of the year | **134** | **136** | **94** | **131** |
| Provision for the year | 931 | 722 | 658 | 448 |
| Payments during the year | (1,021) | (724) | (712) | (485) |
| Balance at the end of the year | **44** | **134** | **40** | **94** |

Provisions for staff pensions have been made in the financial statements in accordance with the relevant pension rules applicable. The accrual at 31st December, 2015 amounted to ₦44 million (2014: ₦134 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 ₦931 million (2014: ₦722 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 operates a funded defined benefit plan (gratuity) for qualifying employees of the Group. Under the plan, the employees are entitled to a lump sum benefits on attainment of a retirement age or on disengagement after contributing a specific numbers of years in service. The most recent actuarial valuations of the present value of the defined benefit obligation were carried out as at 31st December, 2015 by HR Nigeria Limited. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

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. |
| 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 | |
|---|---|---|
| | **31/12/15** | **31/12/14** |
| | **%** | **%** |
| Discount rate(s) | 12 | 15 |
| Expected rate(s) of salary increase | 11 | 12 |
| Inflation rate | 9 | 9 |

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

| | Group & Company | |
|---|---|---|
| | **31/12/15** | **31/12/14** |
| | **₦m** | **₦m** |
| At 1st January | **964** | **626** |
| Interest income | 164 | 104 |
| Remeasurement loss- Return on plan assets excluding amounts included in net interest expense | (47) | (40) |
| Benefit paid | (107) | - |
| Contributions by employer | - | 274 |
| At 31st December | **974** | **964** |

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

| | Group & Company | |
|---|---|---|
| | **31/12/15** | **31/12/14** |
| | **₦m** | **₦m** |
| At 1st January, | **3,034** | **2,589** |
| Current service cost | 646 | 621 |
| Interest cost | 449 | 356 |
| Remesurement (gains)/losses | | |
| Actuarial losses/(gains) | 944 | (490) |
| Benefits paid | (107) | (42) |
| At 31st December | **4,966** | **3,034** |

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

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

| | Group & Company | | Group & Company | |
|---|---|---|---|---|
| | 31/12/15 | 31/12/14 | 31/12/15 | 31/12/14 |
| | % | % | ₦m | ₦m |
| Government securities | 14 | 12 | 425 | 496 |
| Cash | - | - | - | 12 |
| Money market instruments | 13 | 13 | 560 | 470 |
| | | | 985 | 978 |
| Liability on plan asset | | | (11) | (14) |
| | | | **974** | **964** |

The fair value of the above assets are based on quoted prices in active markets.

The actual return on plan assets was ₦117.1 million (2014: ₦63.7 million).

The Group expects to make a contribution of ₦500 million (2014: ₦250 million) to the defined benefit plans during the next financial year.

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

| | Group & Company | |
|---|---|---|
| | 31/12/15 | 31/12/14 |
| | ₦m | ₦m |
| Current service cost | 646 | 621 |
| Net Interest expense | 285 | 252 |
| | **931** | **873** |

Amounts recognised in other comprehensive income

| | Group & Company | |
|---|---|---|
| | 31/12/15 | 31/12/14 |
| | ₦m | ₦m |
| Remeasurement on the net defined liability | | |
| Actuarial (loss)/gain on defined benefit obligation | (944) | 490 |
| Return on plan assets (excluding amounts included in net interest) | (47) | (40) |
| | **(991)** | **450** |

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

| | Group & Company | |
|---|---|---|
| | 31/12/15 | 31/12/14 |
| | ₦m | ₦m |
| Present value of defined benefit obligations | 4,966 | 3,034 |
| Fair value of plan assets | (974) | (964) |
| Net liability arising from defined benefit obligation | **3,992** | **2,070** |

Significant actuarial assumptions for the determination of the defined obligation on discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes.

- If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease by ₦651 million (increase by ₦792 million) (2014: decrease by ₦345 million (increase by ₦412 million)).

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

- If the expected salary growth increases (decreases) by 1%, the defined benefit obligation would increase by ₦817 million (decrease by ₦680 million) (2014: increase by ₦435 million (decrease by ₦367 million)).
- If the the assumed mortality age is rated up (down) by one year, the defined benefit obligation would increase by ₦39 million (decrease by ₦35 million) (2014: increase by ₦24 million (decrease by ₦22 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 the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The average duration of the benefit obligation at 31st December, 2015 is 17.2 years (2014: 15 years).

## 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** | | |
|---|---|---|---|---|
| | **31/12/15** | **31/12/14** | **31/12/15** | **31/12/14** |
| | **₦m** | **₦m** | **₦m** | **₦m** |
| Net debt (Note 29.1.1) | 204,177 | 221,989 | 189,956 | 185,527 |
| Equity | 644,720 | 591,885 | 748,479 | 638,542 |

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

The net debt to equity ratio as on 31st December, 2015 is 32% (2014: 38%).

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

### 29.1.1 Debt to equity ratio

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

| | Group | | Company | |
|---|---|---|---|---|
| | **31/12/15** | **31/12/14** | **31/12/15** | **31/12/14** |
| | **₦m** | **₦m** | **₦m** | **₦m** |
| Financial debt (Note 24) | 244,969 | 242,582 | 207,918 | 201,877 |
| Cash and bank balances (Note 31.1) | (40,792) | (20,593) | (17,962) | (16,350) |
| Net debt | **204,177** | **221,989** | **189,956** | **185,527** |
| Equity | **644,720** | **591,885** | **748,479** | **638,542** |
| Net debt/ Equity ratio | 0.32 | 0.38 | 0.25 | 0.29 |

### 29.2 Categories of financial instruments

| | Group | | Company | |
|---|---|---|---|---|
| | **31/12/15** | **31/12/14** | **31/12/15** | **31/12/14** |
| | **₦m** | **₦m** | **₦m** | **₦m** |
| **Financial assets- Loans and receivables** | | | | |
| Cash and bank balances | 24,907 | 10,458 | 8,189 | 6,215 |
| Short term deposits | 15,885 | 10,135 | 9,773 | 10,135 |
| Trade and other receivables(29.2.1) | 11,544 | 9,803 | 4,252 | 2,932 |
| Due from related parties and receivables from subsidiaries | 8,643 | 11,476 | 404,542 | 288,626 |
| Total financial assets | 60,979 | 41,872 | 426,756 | 307,908 |
| | | | | |
| **Financial liabilities - at amortised cost** | | | | |
| Trade and other payables (29.2.2) | 109,785 | 75,520 | 69,148 | 57,756 |
| Financial liabilities | 255,604 | 249,205 | 218,553 | 208,500 |
| Due to related parties | 24,122 | 18,419 | 22,113 | 16,020 |
| Long term payables | 24,442 | - | 24,442 | - |
| Total financial liabilities | 413,953 | 343,144 | 334,256 | 282,276 |

**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 advances from customers, taxation and social security.

### 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

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

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 | |
|---|---|---|---|---|
| | 31/12/15 ₦m | 31/12/14 ₦m | 31/12/15 ₦m | 31/12/14 ₦m |
| US Dollars | 27,286 | 21,252 | 1,606 | 1,231 |

| Company | Liabilities | | Assets | |
|---|---|---|---|---|
| | 31/12/15 ₦m | 31/12/14 ₦m | 31/12/15 ₦m | 31/12/14 ₦m |
| US Dollars | 25,203 | 21,250 | 390,580 | 275,113 |

**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 15% (2014: 15%) increase and decrease in the Naira against the US Dollar. 15% 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 15% 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 15% change in the exchange rates. A negative number below indicates a decrease in profit or equity for a 15% change in the exchange rates.

| | Group | | Company | |
|---|---|---|---|---|
| | 31/12/15 ₦m | 31/12/14 ₦m | 31/12/15 ₦m | 31/12/14 ₦m |
| Effect on Profit or loss/Equity for a 15% (2014:15%) appreciation | 2,696 | 2,102 | (38,364) | (26,656) |
| Effect on Profit or loss/Equity for a 15% (2014:15%) depreciation | (2,696) | (2,102) | 38,364 | 26,656 |

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.

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 15-30 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.

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

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

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

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

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

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

### 29.6.1 Maximum exposure to credit risk

| | Group | | Company | |
|---|---|---|---|---|
| | **31/12/15** | **31/12/14** | **31/12/15** | **31/12/14** |
| | **₦m** | **₦m** | **₦m** | **₦m** |
| **Financial assets- Loans and receivables** | | | | |
| Cash and bank balances | 24,907 | 10,458 | 8,189 | 6,215 |
| Short term deposits | 15,885 | 10,135 | 9,773 | 10,135 |
| Trade and other receivables | 11,544 | 9,803 | 4,252 | 2,932 |
| Due from related parties | 8,643 | 11,476 | 404,542 | 288,626 |
| | **60,979** | **41,872** | **426,756** | **307,908** |

### 29.7 Liquidity risk management

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

### 29.7.1 Liquidity maturity table

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

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

| | Group | | | |
|---|---|---|---|---|
| | **<1 month** | **1– 3 months** | **3 mths – 1yr** | **1 - >5 yrs** |
| | **₦m** | **₦m** | **₦m** | **₦m** |
| **As at 31st December, 2015** | | | | |
| Financial liabilities | 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** |

| | **<1 month** | **1– 3 months** | **3 mths – 1yr** | **1 - >5 yrs** |
|---|---|---|---|---|
| | **₦m** | **₦m** | **₦m** | **₦m** |
| **As at 31st December,2014** | | | | |
| Financial liabilities | 11,679 | 2,854 | 115,099 | 165,542 |
| Trade payables and other payables | 75,520 | - | - | - |
| Due to related parties | 18,419 | - | - | - |
| **Total** | **105,618** | **2,854** | **115,099** | **165,542** |

| | Company | | | |
|---|---|---|---|---|
| | **<1 month** | **1– 3 months** | **3 mths – 1yr** | **1 - >5 yrs** |
| | **₦m** | **₦m** | **₦m** | **₦m** |
| **As at 31st December, 2015** | | | | |
| Financial liabilities | 11,163 | 2,243 | 32,223 | 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** | **32,223** | **222,006** |

| | **<1 month** | **1– 3 months** | **3 mths – 1yr** | **1 - >5 yrs** |
|---|---|---|---|---|
| | **₦m** | **₦m** | **₦m** | **₦m** |
| **As at 31st December, 2014** | | | | |
| Financial liabilities | 7,166 | 2,239 | 112,231 | 117,630 |
| Trade payables and other payables | 57,756 | - | - | - |
| Due to related parties | 16,020 | - | - | - |
| **Total** | **80,952** | **2,239** | **112,231** | **117,630** |

**Interest risk**

The following table details the sensitivity to a 1% (2014: 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 | |
|---|---|---|---|---|
| | **31/12/15** | **31/12/14** | **31/12/15** | **31/12/14** |
| | **₦m** | **₦m** | **₦m** | **₦m** |
| Effect on profit or loss/equity for a 1% increase in rate (2014:1%) | (160) | (149) | 2,558 | 1,777 |
| Effect on profit or loss/equity for a 1% decrease in rate (2014:1%) | 160 | 149 | (2,558) | (1,777) |

**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

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

in an impairment loss. The fair values 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 | |
|---|---|---|---|---|
| | 31/12/15 ₦m | 31/12/14 ₦m | 31/12/15 ₦m | 31/12/14 ₦m |
| Parent company | - | - | - | - |
| Entities controlled by the parent company | 565 | 43 | 167,348 | 35,514 |

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

| | Sale of goods | | Purchases of goods | |
|---|---|---|---|---|
| | 31/12/15 ₦m | 31/12/14 ₦m | 31/12/15 ₦m | 31/12/14 ₦m |
| Parent company | - | - | - | - |
| Entities controlled by the parent company | 565 | 43 | 147,605 | 28,191 |

In addition to sale and purchase of goods the Company charged interest amounting to ₦21.9 billion (2014: ₦12.0 billion) on loans granted to subsidiaries. This interest is eliminated on consideration.

Also during the year, the parent company charged the Group a total interest of ₦25.2 billion (2014: ₦11.6 billion) being the cost of borrowings to finance capital projects and other operational expenses.

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

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

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

| | Group | | | |
|---|---|---|---|---|
| | **Amounts owed by related parties** | | **Amounts owed to related parties** | |
| | **31/12/15** | **31/12/14** | **31/12/15** | **31/12/14** |
| | **₦m** | **₦m** | **₦m** | **₦m** |
| **Current** | | | | |
| Parent company | - | - | 7,291 | 5,696 |
| Entities controlled by the parent company | 8,169 | 10,938 | 1,387 | 5,925 |
| Affiliates and associates of parent company | 474 | 538 | 15,444 | 6,798 |
| | **8,643** | **11,476** | **24,122** | **18,419** |

| | Company | | | |
|---|---|---|---|---|
| | **Amounts owed by related parties** | | **Amounts owed to related parties** | |
| | **31/12/15** | **31/12/14** | **31/12/15** | **31/12/14** |
| | **₦m** | **₦m** | **₦m** | **₦m** |
| **Non Current** | | | | |
| Entities controlled by the company | 395,917 | 277,150 | - | - |

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** | |
| | **31/12/15** | **31/12/14** | **31/12/15** | **31/12/14** |
| | **₦m** | **₦m** | **₦m** | **₦m** |
| **Current** | | | | |
| Parent company | - | - | 7,256 | 5,696 |
| Entities controlled by the parent company | 8,169 | 10,938 | 1,035 | 5,359 |
| Affiliates and associates of the parent company | 456 | 538 | 13,822 | 4,965 |
| | **8,625** | **11,476** | **22,113** | **16,020** |

### 30.2 Loans from related parties

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **31/12/15** | **31/12/14** | **31/12/15** | **31/12/14** |
| | **₦m** | **₦m** | **₦m** | **₦m** |
| Affiliates and associates of the parent company | 657 | 514 | 657 | 514 |
| Loans from parent company | 176,189 | 154,989 | 176,189 | 154,989 |

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, 2015

**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 | |
|---|---|---|---|---|
| | 31/12/15 ₦m | 31/12/14 ₦m | 31/12/15 ₦m | 31/12/14 ₦m |
| Short-term benefits | 485 | 254 | 485 | 254 |
| Provision for staff pension benefits | - | - | - | - |
| | **485** | **254** | **485** | **254** |

**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 ₦2.839 billion (2014: ₦1.048 billion) was charged and paid, being an appropriate allocation of costs incurred by relevant administrative departments.

**31. Supplemental cash flow disclosures**

**31.1 Cash and cash equivalents**

| | Group | | Company | |
|---|---|---|---|---|
| | 31/12/15 ₦m | 31/12/14 ₦m | 31/12/15 ₦m | 31/12/14 ₦m |
| Cash and bank balances | 24,907 | 10,458 | 8,189 | 6,215 |
| Short term deposits | 15,885 | 10,135 | 9,773 | 10,135 |
| Total cash and bank balances | **40,792** | **20,593** | **17,962** | **16,350** |
| Bank overdrafts used for cash management purposes | (2,947) | (4,190) | - | - |
| Cash and cash equivalents | **37,845** | **16,403** | **17,962** | **16,350** |

**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 | |
|---|---|---|---|---|
| | 31/12/15 ₦m | 31/12/14 ₦m | 31/12/15 ₦m | 31/12/14 ₦m |
| Minimum lease payments | 826 | 1,131 | 549 | 824 |

Non-cancellable operating lease commitments:

| | Group | | Company | |
|---|---|---|---|---|
| | 31/12/15 ₦m | 31/12/14 ₦m | 31/12/15 ₦m | 31/12/14 ₦m |
| Not later than 1 year | 545 | 678 | 341 | 366 |
| Later than 1 year and not later than 5 years | 242 | 299 | 46 | 87 |
| Later than 5 years | - | - | - | - |
| | **787** | **977** | **387** | **453** |

# Notes to the Consolidated and Separate Financial Statements for the Year Ended 31st December, 2015

### 33. Commitments for expenditure

| | Group | Company | 31/12/15 | 31/12/14 |
|---|---|---|---|---|
| 31/12/15 | 31/12/14 | | | |
| | ₦m | ₦m | ₦m | ₦m |
| Commitments for the acquisition or construction of property, plant and equipment | 372,493 | 305,367 | 213,673 | 135,875 |

The Company also has unconfirmed letters of credit amounting to ₦24.27 billion (USD121.96 million) 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 to ₦ 32.015 billion (2014: ₦1.724 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 29th February, 2016 a dividend of ₦8 per share was recommended by the Directors for approval at the Annual General Meeting. This will result in a dividend payment of ₦136.3 billion.

# Five Year Financial Summary
# Non-IFRS Statement (Group)

| Group | 2015 ₦m | 2014 ₦m | 2013 ₦m | 2012 ₦m | 2011 ₦m |
|---|---|---|---|---|---|
| **Balance sheet** | | | | | |
| **Assets/liabilities** | | | | | |
| Property, plant and equipment | 917,212 | 747,794 | 581,465 | 478,091 | 397,711 |
| Intangible assets | 2,610 | 3,699 | 2,306 | 1,727 | 1,797 |
| Investments | 1,582 | - | - | - | - |
| Prepayments for property, plant & equipment | 9,094 | 79,491 | 91,716 | 45,016 | 52,396 |
| Net current liabilities | (34,718) | (95,846) | (15,464) | (12,135) | (49,197) |
| Deferred taxation (liabilities)/assets | (10,039) | (3,840) | 19,128 | 8,941 | (1,197) |
| Long term debts | (208,329) | (131,942) | (124,850) | (112,462) | (116,766) |
| Long term payables | (24,442) | - | - | - | - |
| Staff gratuity | (3,992) | (2,070) | (1,963) | (1,744) | (1,373) |
| Other non-current liabilities | (4,258) | (5,401) | (2,245) | (2,898) | (1,557) |
| **Net assets** | **644,720** | **591,885** | **550,093** | **404,536** | **281,814** |
| | | | | | |
| **Capital and reserves** | | | | | |
| Share capital | 8,520 | 8,520 | 8,520 | 8,520 | 7,746 |
| 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) | (474) |
| Currency translation reserve | (22,366) | (3,837) | (4,753) | (1,444) | - |
| Revenue reserve | 620,501 | 537,750 | 496,456 | 345,665 | 220,689 |
| Non controlling interest | (6,235) | 4,161 | 5,029 | 7,234 | 8,546 |
| | **644,720** | **591,885** | **550,093** | **404,536** | **281,814** |
| | | | | | |
| **Turnover, profit and loss account** | | | | | |
| Turnover | 491,725 | 391,639 | 386,177 | 298,454 | 241,406 |
| Profit before taxation | 188,294 | 184,688 | 190,761 | 135,648 | 113,780 |
| Taxation | (6,971) | (25,187) | 10,437 | 9,377 | (927) |
| Profit after taxation | 181,323 | 159,501 | 201,198 | 145,025 | 112,853 |
| | | | | | |
| Per share data (Naira): | | | | | |
| Earnings - (Basic & diluted) | 10.86 | 9.42 | 11.85 | 8.52 | 7.28 |
| Net assets | 37.83 | 34.73 | 32.28 | 23.74 | 18.19 |

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.

# Five Year Financial Summary
# Non-IFRS Statement (Company)

| **Company**<br>**Balance sheet** | **31/12/2015**<br>**₦m** | **31/12/2014**<br>**₦m** | **31/12/2013**<br>**₦m** | **31/12/2012**<br>**₦m** | **31/12/2011**<br>**₦m** |
|---|---|---|---|---|---|
| **Assets/(liabilities)** | | | | | |
| Property, plant and equipment | 577,017 | 526,722 | 452,047 | 377,864 | 348,844 |
| Intangible assets | 385 | 682 | 672 | 1 | 9 |
| Investments | 27,657 | 26,075 | 25,208 | 25,097 | 27,622 |
| Receivables from subsidiaries | 395,917 | 277,150 | 164,525 | 85,926 | 70,227 |
| Prepayments for property, plant & equipment | - | 1,773 | 23,950 | 21,062 | 25,651 |
| Net current liabilities | (28,000) | (87,944) | (14,054) | (18,437) | (66,613) |
| Deferred taxation (liabilities)/assets | (13,085) | (6,726) | 18,359 | 8,107 | (608) |
| Long term debts | (181,384) | (95,435) | (95,079) | (83,050) | (116,766) |
| Long term payables | (24,442) | - | - | - | - |
| Staff gratuity | (3,992) | (2,070) | (1,963) | (1,744) | (1,373) |
| Other non-current liabilities | (1,594) | (1,685) | (2,102) | (2,685) | (1,232) |
| **Net assets** | **748,479** | **638,542** | **571,563** | **412,141** | **285,761** |
| **Capital and reserves** | | | | | |
| Share capital | 8,520 | 8,520 | 8,520 | 8,520 | 7,746 |
| 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) | (474) |
| Retained earnings | 695,708 | 584,780 | 518,250 | 359,109 | 233,231 |
| | **748,479** | **638,542** | **571,563** | **412,141** | **285,761** |

| | **31/12/2015**<br>**₦m** | **31/12/2014**<br>**₦m** | **31/12/2013**<br>**₦m** | **31/12/2012**<br>**₦m** | **31/12/2011**<br>**₦m** |
|---|---|---|---|---|---|
| **Turnover, profit and loss account** | | | | | |
| Turnover | 389,215 | 371,534 | 371,552 | 285,635 | 241,406 |
| Profit before taxation | 220,567 | 213,040 | 200,011 | 138,089 | 113,780 |
| Taxation | (7,396) | (27,226) | 10,252 | 7,927 | (3,292) |
| Profit after taxation | 213,171 | 185,814 | 210,263 | 146,016 | 110,488 |
| Per share data (Naira): | | | | | |
| Earnings - (Basic & diluted) | 12.51 | 10.90 | 12.34 | 8.57 | 7.13 |
| Net assets | 43.92 | 37.47 | 33.54 | 24.19 | 18.45 |

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

| | Group | | | | Company | | | |
|---|---|---|---|---|---|---|---|---|
| | 2015 | | 2014 | | 2015 | | 2014 | |
| | ₦m | % | ₦m | % | ₦m | % | ₦m | % |
| Sales | 491,725 | | 391,639 | | 389,215 | | 371,534 | |
| Finance Income | 34,819 | | 30,565 | | 56,530 | | 42,499 | |
| Other income | 3,951 | | 3,609 | | 2,148 | | 3,542 | |
| | 530,495 | | 425,813 | | 447,893 | | 417,575 | |
| Bought-in-materials and services: | | | | | | | | |
| - Imported | (50,669) | | (41,476) | | (38,656) | | (35,616) | |
| - Local | (151,932) | | (110,177) | | (91,783) | | (96,745) | |
| **Value added** | **327,894** | **100** | **274,160** | **100** | **317,454** | **100** | **285,214** | **100** |
| Applied as follows: | | | | | | | | |
| To pay employees: | | | | | | | | |
| Salaries, wages and other benefits | 30,627 | 9 | 20,227 | 7 | 23,513 | 8 | 17,605 | 6 |
| To pay Government: | | | | | | | | |
| Current taxation | 1,042 | - | 2,141 | 1 | 1,037 | - | 2,141 | 1 |
| Deferred taxation | 5,929 | 2 | 23,047 | 8 | 6,359 | 2 | 25,085 | 9 |
| To pay providers of capital: | | | | | | | | |
| Finance charges | 54,348 | 17 | 32,978 | 12 | 29,661 | 9 | 20,367 | 7 |
| To provide for maintenance of fixed assets: | | | | | | | | |
| Depreciation | 54,228 | 17 | 35,985 | 13 | 43,416 | 14 | 33,968 | 12 |
| Amortization | 398 | - | 281 | - | 297 | - | 234 | - |
| Retained in the Group: | | | | | | | | |
| Non controlling interest | (3,671) | (1) | (1,077) | - | - | - | - | - |
| Profit and loss account | 184,994 | 56 | 160,578 | 59 | 213,171 | 67 | 185,814 | 65 |
| | **327,894** | **100** | **274,160** | **100** | **317,454** | **100** | **285,214** | **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 shareholders, and that retained for future creation of more wealth.