DANGOTE CEMENT PLC

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
31st DECEMBER 2018

DANGOTE CEMENT

Certification pursuant to Section 60 of the Investments and Securities Act (ISA) 2007

We have reviewed the consolidated and separate financial statements of Dangote Cement Plc and its subsidiaries ("the Group") for the year ended 31st December 2018.

Based on our knowledge, these consolidated and separate financial statements do not:

- contain any untrue statement of a material fact; or
- omit to state a material fact, which would make the statement misleading in light of the circumstances under which such statements were made.

The financial statements and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the Group as of and for the years presented in the consolidated and separate financial statements.

The Directors are responsible for establishing and maintaining internal controls. We have:

- designed such internal controls to ensure that material information relating to the Group is made known to us by others within the Group, particularly during the year in which this report is being prepared;
- continuously evaluated the effectiveness of the Group and Company's internal controls and reported to the Board's Audit and Risk Management Committee on a quarterly basis; and
- disclosed to the Audit Committee any fraud, whether material or not, that involved management or other employees who have a significant role in the Company's internal controls.

Engr. Joseph Makoju Mni, OFR.
Group Chief Executive Officer
FRC/2018/COREN/00000017767

Brian Egan
Group CFO/Executive Director, Finance
FRC/2015/MULTI/00000011227

Statement of Directors' Responsibilities for the Preparation and Approval of the Financial Statements
For the year ended 31st December 2018

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 2018, 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 IFRSs 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 2018 were approved by the directors on 25th February 2019.

On behalf of the Directors of the Group

Aliko Dangote
Chairman

Engr. Joseph Makoju Mni, OFR.
Group Chief Executive Officer/Group Managing Director

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INDEPENDENT JOINT AUDITORS' REPORT

To the Shareholders of Dangote Cement Plc

Report on the audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the accompanying consolidated and separate financial statements of **Dangote Cement Plc** ("the Company") and its subsidiaries (together referred to as "the Group") which comprise the consolidated and separate statement of financial position as at 31 December 2018, the consolidated and separate statements of profit or loss, comprehensive income, changes in equity, cash flows for the year then ended, and the notes to the consolidated and separate financial statements including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Dangote Cement Plc as at 31 December 2018 and the consolidated and separate financial performance and statement of cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act Cap C20 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

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

Key Audit Matters

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

Deloitte.

AHMED ZAKARI & CO.
CHARTERED ACCOUNTANTS

Key Audit Matter	How the matter was addressed in the audit
Tax liabilities on income expected to be on tax holiday (Pioneer)	
In determining the tax liabilities for the year, the directors have assumed that the Ibese production lines 3 & 4 and the Obajana production line 4, both in Nigeria, are eligible for tax holiday (Pioneer holiday). These production lines enjoyed pioneer holidays for three years which expired on 28 February 2018. Applications for extension has been submitted to the Nigerian Investment Promotion Commission (NIPC). The assumption is premised on the fact that the production lines have met all the necessary requirements to be granted tax holidays and historical trend in granting pioneer holidays. As disclosed in note 4.1.2 to the financial statements, the directors have made a significant judgement in determining the tax liabilities for the year based on historical trend in obtaining pioneer status. An additional tax charge of approximately N43 billion would represent a material misstatement if the pioneer status applications are not approved because the Company, in determining its tax liabilities, has maintained the assumptions that approval will be obtained. Consequently, this is a key audit matter.	We involved tax specialists to review and evaluate the recognition and measurement of the tax liabilities for the year. The procedures included: • Assessing the requirements by the relevant regulations and government agencies that qualify businesses for pioneer holidays and verifying that the company has met all requirements to enable it obtain approval for the tax holiday. • Reviewing the conditions required for granting additional two years extension and confirmation that the company met the prescribed conditions. • Evaluating the adequacy of the determined tax liabilities in line with the relevant tax laws in Nigeria. • Reviewing the trend in the company's applications for pioneer holidays and approval thereof; and confirming that approvals were usually obtained when the company met the required conditions. Based on the review and evaluation performed, as well as the historical trend in obtaining pioneer holidays, we believe that the directors' assumption in this respect is appropriate and reasonable. Hence we concur with the conclusion of the directors.

Other Information

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

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

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

Deloitte.

AHMED ZAKARI & CO.
CHARTERED ACCOUNTANTS

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

Abraham Udenani, FCA
FRC/2013/ICAN/00000000853
For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
26 February, 2019

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
3G/ICAN
0997013

Tajudeen Oni, FCA
FRC/2013/ICAN/00000000749
For: Ahmed Zakari & Co
Chartered Accountants
Lagos, Nigeria
26 February, 2019

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
3G/ICAN
0148925

Consolidated and separate statement of profit or loss

For the year ended 31st December 2018

		Group		Company	
	Notes	**Year ended 31/12/18 ₦'million**	Year ended 31/12/17 ₦'million	**Year ended 31/12/18 ₦'million**	Year ended 31/12/17 ₦'million
Revenue	5	**901,213**	805,582	**618,301**	552,364
Production cost of sales	7	**(383,311)**	(351,290)	**(170,288)**	(158,594)
Gross profit		**517,902**	454,292	**448,013**	393,770
Administrative expenses	8	**(52,501)**	(45,380)	**(27,108)**	(22,571)
Selling and distribution expenses	9	**(136,925)**	(109,917)	**(89,278)**	(68,683)
Other income	11	**10,222**	5,213	**3,783**	3,386
Profit from operating activities		**338,698**	304,208	**335,410**	305,902
Finance income – interest	10	**11,323**	9,136	**37,705**	36,383
Finance income – others	10	**—**	26,790	**41,673**	34,903
Finance costs	10	**(49,778)**	(52,711)	**(22,565)**	(35,035)
Share of profit from associate	17.3	**563**	2,167	**—**	—
Profit before tax		**300,806**	289,590	**392,223**	342,153
Income tax credit/(expense)	14	**89,519**	(85,342)	**89,233**	(87,523)
Profit for the year		**390,325**	204,248	**481,456**	254,630
Profit for the year attributable to:					
Owners of the Company		**388,983**	198,585	**481,456**	254,630
Non-controlling interests		**1,342**	5,663	**—**	—
		390,325	204,248	**481,456**	254,630
Earnings per share, basic and diluted (Naira)	13	**22.83**	11.65	**28.25**	14.94

The accompanying notes on pages 15 to 76 and other national disclosures on pages 77 to 79 form an integral part of these consolidated and separate financial statements.

Consolidated and separate statement of comprehensive income

For the year ended 31st December 2018

	Group		Company	
	Year ended 31/12/18 ₦'million	Year ended 31/12/17 ₦'million	**Year ended 31/12/18 ₦'million**	Year ended 31/12/17 ₦'million
Profit for the year	**390,325**	204,248	**481,456**	254,630
Other comprehensive income, net of income tax:				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating net investments in foreign operations	**(6,147)**	(3,572)	**–**	–
Other comprehensive loss for the year, net of income tax	**(6,147)**	(3,572)	**–**	–
Total comprehensive income for the year	**384,178**	200,676	**481,456**	254,630
Total comprehensive income for the year attributable to:				
Owners of the Company	**386,147**	195,062	**481,456**	254,630
Non-controlling interests	**(1,969)**	5,614	**–**	–
	384,178	200,676	**481,456**	254,630

The accompanying notes on pages 15 to 76 and other national disclosures on pages 77 to 79 form an integral part of these consolidated and separate financial statements.

Consolidated and separate statement of financial position
As at 31st December 2018

		Group		Company	
	Notes	**31/12/18 ₦'million**	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Assets					
Non-current assets					
Property, plant and equipment	15	**1,171,864**	1,192,140	**535,934**	549,962
Intangible assets	16	**5,969**	6,355	**48**	37
Investments in subsidiaries	17.2	**—**	—	**162,071**	161,957
Investment in associate	17.3	**4,312**	3,749	**1,582**	1,582
Finance lease receivables	21	**6,475**	6,614	**6,475**	6,614
Deferred tax asset	14.3	**40,622**	30,625	**14,561**	6,674
Prepayments for property, plant and equipment	18.1	**36,383**	16,101	**—**	1,600
Other receivables	30	**—**	—	**560,277**	455,792
Total non-current assets		**1,265,625**	1,255,584	**1,280,948**	1,184,218
Current assets					
Inventories	19	**106,998**	94,594	**59,820**	62,259
Trade and other receivables	20	**44,468**	30,155	**11,046**	12,340
Prepayments and other current assets	18.2	**101,883**	115,496	**252,589**	248,194
Finance lease receivables	21	**2,380**	1,608	**2,380**	1,608
Current income tax receivables	14.2	**6,213**	59	**6,211**	—
Cash and bank balances	31	**166,896**	168,387	**108,980**	102,468
Total current assets		**428,838**	410,299	**441,026**	426,869
Total assets		**1,694,463**	1,665,883	**1,721,974**	1,611,087
Liabilities					
Current liabilities					
Trade and other payables	24	**230,970**	270,721	**92,879**	142,737
Current income tax payable	14.2	**9,223**	63,901	**8,608**	63,787
Financial liabilities	25	**220,128**	144,783	**145,436**	86,190
Other current liabilities	26.2	**35,185**	41,071	**37,836**	51,242
Total current liabilities		**495,506**	520,476	**284,759**	343,956
Non-current liabilities					
Deferred tax liabilities	14.3	**83,350**	116,898	**80,033**	116,491
Financial liabilities	25	**125,725**	242,894	**62,168**	157,195
Long-term provisions and other charges	27	**2,753**	3,416	**1,310**	2,073
Deferred revenue	26.1	**516**	839	**156**	355
Total non-current liabilities		**212,344**	364,047	**143,667**	276,114
Total liabilities		**707,850**	884,523	**428,426**	620,070
Net assets		**986,613**	781,360	**1,293,548**	991,017
Equity					
Share capital	22.1	**8,520**	8,520	**8,520**	8,520
Share premium	22.1	**42,430**	42,430	**42,430**	42,430
Capital contribution	22.4	**2,877**	2,877	**2,828**	2,828
Currency translation reserve	22.3	**72,605**	75,441	**—**	—
Retained earnings		**848,695**	639,462	**1,239,770**	937,239
Equity attributable to owners of the Company		**975,127**	768,730	**1,293,548**	991,017
Non-controlling interest		**11,486**	12,630	**—**	—
Total equity		**986,613**	781,360	**1,293,548**	991,017
Total equity and liabilities		**1,694,463**	1,665,883	**1,721,974**	1,611,087

The accompanying notes on pages 15 to 76 and other national disclosures on pages 77 to 79 form an integral part of these consolidated and separate financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 25th February 2019 and were signed on its behalf by:

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

Engr. Joseph Makoju Mni, OFR.
Group Chief Executive Officer
FRC/2018/COREN/00000017767

Brian Egan
Group CFO/Executive Director, Finance
FRC/2015/MULTI/00000011227

Consolidated statement of changes in equity

For the year ended 31st December 2018

Group	Share capital ₦'million	Share premium ₦'million	Retained earnings ₦'million	Currency translation reserve ₦'million	Capital contribution ₦'million	Attributable to the owners of the parent ₦'million	Non-controlling Interests ₦'million	Total equity ₦'million
Balance as at 1st January 2017	**8,520**	**42,430**	**605,662**	**78,964**	**2,877**	**738,453**	**(12,925)**	**725,528**
Profit for the year	—	—	198,585	—	—	198,585	5,663	204,248
Other comprehensive income for the year, net of income tax (tax nil)	—	—	—	(3,523)	—	(3,523)	(49)	(3,572)
Total comprehensive income for the year	—	—	198,585	(3,523)	—	195,062	5,614	200,676
Effect of changes in subsidiary shareholding	—	—	(19,941)	—	—	(19,941)	19,941	—
Dividends paid	—	—	(144,844)	—	—	(144,844)	—	(144,844)
Balance as at 31st December 2017	**8,520**	**42,430**	**639,462**	**75,441**	**2,877**	**768,730**	**12,630**	**781,360**
Profit for the year	—	—	388,983	—	—	388,983	1,342	390,325
Other comprehensive income for the year, net of income tax (tax nil)	—	—	—	(2,836)	—	(2,836)	(3,311)	(6,147)
Total comprehensive income for the year	—	—	388,983	(2,836)	—	386,147	(1,969)	384,178
Dividends paid	—	—	(178,925)	—	—	(178,925)	—	(178,925)
Effect of changes in subsidiary shareholding	—	—	(825)	—	—	(825)	825	—
Balance as at 31st December 2018	**8,520**	**42,430**	**848,695**	**72,605**	**2,877**	**975,127**	**11,486**	**986,613**

The accompanying notes and other national disclosures are an integral part of these consolidated and separate financial statements.

Separate statement of changes in equity

For the year ended 31st December 2018

Company	Share capital ₦'million	Share premium ₦'million	Capital contribution ₦'million	Retained earnings ₦'million	Total equity ₦'million
Balance as at 1st January 2017	**8,520**	**42,430**	**2,828**	**827,453**	**881,231**
Profit for the year	—	—	—	254,630	254,630
Other comprehensive income for the year, net of income tax (tax nil)	—	—	—	—	—
Total comprehensive income for the year	—	—	—	254,630	254,630
Dividends paid	—	—	—	(144,844)	(144,844)
Balance as at 31st December 2017	**8,520**	**42,430**	**2,828**	**937,239**	**991,017**
Profit for the year	—	—	—	481,456	481,456
Other comprehensive income for the year, net of income tax (tax nil)	—	—	—	—	—
Total comprehensive income for the year	—	—	—	481,456	481,456
Dividends paid	—	—	—	(178,925)	(178,925)
Balance as at 31st December 2018	**8,520**	**42,430**	**2,828**	**1,239,770**	**1,293,548**

The accompanying notes and other national disclosures are an integral part of these consolidated and separate financial statements.

Consolidated and separate statement of cash flows

For the year ended 31st December 2018

	Notes	Group		Company	
		Year ended 31/12/18 ₦'million	Year ended 31/12/17 ₦'million	**Year ended 31/12/18 ₦'million**	Year ended 31/12/17 ₦'million
Cash flows from operating activities					
Profit before tax		**300,806**	289,590	**392,223**	342,153
Adjustments for:					
Depreciation and amortisation	15,16	**96,203**	83,939	**51,809**	43,959
Write off and impairment of property, plant and equipment		**360**	287	**—**	197
Interest expense	10	**41,413**	52,101	**22,312**	34,425
Interest income	10	**(11,323)**	(9,136)	**(37,705)**	(36,383)
Net realised exchange (gain)/loss on borrowings and non-operating assets		**(1,970)**	(34,744)	**(50,399)**	(43,284)
Share of income from associate		**(563)**	(2,167)	**—**	—
Amortisation of deferred revenue	26	**(306)**	(299)	**(274)**	(346)
Other provisions		**(663)**	72	**(763)**	(229)
Loss on disposal of property, plant and equipment		**459**	58	**5**	58
		424,416	379,701	**377,208**	340,550
Changes in working capital					
Change in inventories		**(11,997)**	(11,691)	**3,119**	(6,409)
Change in trade and other receivables		**(13,957)**	(3,876)	**2,471**	(483)
Change in trade and other payables		**(18,860)**	2,616	**(32,987)**	(16,814)
Change in prepayments and other current assets		**8,996**	(33,622)	**1,764**	(26,819)
Change in other current liabilities		**(5,594)**	15,222	**(7,605)**	10,217
		383,004	348,350	**343,970**	300,242
Receipt from customers on finance lease trucks		**3,507**	238	**3,507**	238
Income tax paid	14.2	**(11,163)**	(3,213)	**(10,291)**	(2,512)
Net cash generated from operating activities		**375,348**	345,375	**337,186**	297,968
Cash flows from investing activities					
Interest received		**9,974**	9,136	**6,475**	6,970
Acquisition of intangible assets	16	**(796)**	(1,639)	**(27)**	(21)
(Increase)/decrease in receivables from subsidiaries		**—**	—	**(38,870)**	5,811
Acquisition of investment		**—**	—	**(8)**	(2,541)
Acquisition of property, plant and equipment		**(131,045)**	(107,953)	**(61,716)**	(61,497)
Additions to property, plant and equipment	15	**(88,623)**	(85,621)	**(42,145)**	(40,470)
Change in non-current prepayment		**(17,307)**	(2,905)	**1,600**	(1,600)
Net suppliers' credit repaid		**(25,115)**	(19,427)	**(21,171)**	(19,427)
Net cash used in investing activities		**(121,867)**	(100,456)	**(94,146)**	(51,278)
Cash flows from financing activities					
Interest paid		**(45,782)**	(48,358)	**(27,486)**	(30,934)
Dividends paid		**(178,925)**	(144,844)	**(178,925)**	(144,844)
Loans obtained		**215,052**	310,659	**197,717**	263,152
Loans repaid		**(247,399)**	(308,068)	**(227,834)**	(297,106)
Net cash used in financing activities		**(257,054)**	(190,611)	**(236,528)**	(209,732)
(Decrease)/increase in cash and cash equivalents		**(3,573)**	54,308	**6,512**	36,958
Effects of exchange rate changes		**844**	(1,954)	**—**	—
Cash and cash equivalents at beginning of year		**161,755**	109,401	**102,468**	65,510
Cash and cash equivalents at end of year	31.1	**159,026**	161,755	**108,980**	102,468

The accompanying notes and other national disclosures 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 2018

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 2018 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 2018 comprise those of the Company only.

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

2.1.1 Statement of compliance
The Group and Company's full financial statements for the year ended 31st December 2018 have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB), and interpretations issued by the IFRS Interpretations Committee of the IASB (together, IFRS) that are effective at 31st December 2018 and requirements of the Companies and Allied Matters Act (CAMA) 2004 of Nigeria and the Financial Reporting Council (FRC) Act of Nigeria.

2.1.2 Basis of 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 2018. 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.

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

Notes to the consolidated and separate financial statements
For the year ended 31st December 2018

2. Significant accounting policies continued
2.2.1 Basis of consolidation continued
Investments in subsidiaries
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 36 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 IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

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

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

Notes to the consolidated and separate financial statements

For the year ended 31st December 2018

2. Significant accounting policies continued

2.2.3 Interest in associates continued

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

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

2.3 Non-controlling interest

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

2.4 Acquisition of entities under common control

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

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

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between 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 the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

2.5 Revenue

The Group recognises revenue from the sale of cement and related products. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of products to the customers.

2.5.1 Sale of cement and related products

The Group sells cement and related products both to distributors and directly to end user customers through its plants and depots.

For sales of products to the distributors, revenue is recognised when control of the goods has transferred, being when the goods have been delivered to the distributor's location if the agreement is for the Group to deliver. In case of self collection by distributors, revenue is recognised when the distributor picks the products from the Group's factories or warehouses. Following delivery by the Group or self collection, the distributor has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when onselling the goods and bears the risks of obsolescence and loss in relation to the goods. For distributors that buy on credit, a receivable is recognised by the Group when the goods are delivered to the distributor as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

For sales of goods to end user customers, revenue is recognised when control of the goods has transferred, being at the point the customer lifts the goods from our factories if it is self collection or at the point at which the goods are delivered if the agreement is for the Group to deliver. Payment for the transaction price is done by the time goods are collected; otherwise, a receivable is recognised at that point.

Notes to the consolidated and separate financial statements
For the year ended 31st December 2018

2. Significant accounting policies continued
2.6 Finance income
Finance income comprises interest income on short-term deposits with banks, dividend income, changes in the fair value of financial instruments at fair value through profit or loss and foreign exchange gains.

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

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

2.7 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.

2.8 Foreign currency
2.8.1 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 otherwise stated.

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

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

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

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

Notes to the consolidated and separate financial statements

For the year ended 31st December 2018

2. Significant accounting policies continued

2.8 Foreign currency continued

2.8.2 Foreign currency transactions continued

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

	2018		2017	
Currency	Average rate	Year-end rate	Average rate	Year-end rate
South African Rand to Naira	**25.7371**	**21.3300**	24.2238	26.7477
Central African Franc to Naira	**0.6247**	**0.6254**	0.5561	0.6060
Ethiopian Birr to Naira	**12.6767**	**12.7992**	13.2134	12.1711
Zambian Kwacha to Naira	**32.9599**	**30.0872**	33.4052	33.1428
Tanzanian Shilling to Naira	**0.1530**	**0.1563**	0.1422	0.1478
Ghanaian Cedi to Naira	**73.9508**	**72.8389**	72.3980	73.1413
United States Dollar to Naira	**348.0050**	**358.7900**	318.4042	331.0300

2.8.3 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 currency translation reserve in equity. The exchange differences arising on the translation are taken directly to a separate component of other comprehensive income, "Currency translation differences". 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.

2.9 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.

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.

Notes to the consolidated and separate financial statements
For the year ended 31st December 2018

2. Significant accounting policies continued
2.9 Property, plant and equipment continued
2.9.1 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	25–50
Plant and machinery	10–25
Power plants	5–25
Cement plants	5–25
Motor vehicles	4–6
Computer hardware	3
Furniture and equipment	5
Aircraft and related components	5–25

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

2.10 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 amortisable items such as software and 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 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.

Exploration assets are amortised over a period of 30 years in line with the estimated lives of the mines.

Notes to the consolidated and separate financial statements
For the year ended 31st December 2018

2. Significant accounting policies continued
2.10 Intangible assets continued
2.10.1 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
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.

2.10.2 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.

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

Cost is determined as follows:

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

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

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

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

Notes to the consolidated and separate financial statements

For the year ended 31st December 2018

2. Significant accounting policies continued

2.12 Financial instruments

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

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

Initially, financial instruments are 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).

2.12.1 Financial assets

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group does not have debt instruments that are measured subsequently at fair value through profit or loss (FVTPL) or FVTOCI.

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2.12.2 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.

Notes to the consolidated and separate financial statements
For the year ended 31st December 2018

2. Significant accounting policies continued
2.12 Financial instruments continued
2.12.3 Equity instruments designated as at FVTOCI
On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments; instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the “finance income” line item (note 10) in profit or loss.

2.12.4 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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2.12.5 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.

2.12.6 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.

2.12.7 Financial liabilities
All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. The Group does not hold financial liabilities measured at FVTPL.

Financial liabilities measured subsequently at amortised cost
Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL are measured subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (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 financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

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

Notes to the consolidated and separate financial statements
For the year ended 31st December 2018

2. Significant accounting policies continued
2.12 Financial instruments continued
2.12.9 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.

2.12.10 Amortised cost and effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (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) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired.

Interest income is recognised in profit or loss and is included in the "Finance income – interest income" line item (note 10).

2.13 Impairment
2.13.1 Financial assets
The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to twelve-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, twelve-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within twelve months after the reporting date.

Notes to the consolidated and separate financial statements
For the year ended 31st December 2018

2. Significant accounting policies continued
2.13 Impairment continued
2.13.1 Financial assets continued
(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) the financial instrument has a low risk of default;

(2) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and

(3) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there are no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Notes to the consolidated and separate financial statements
For the year ended 31st December 2018

2. Significant accounting policies continued
2.13 Impairment continued
2.13.1 Financial assets continued
(ii) Definition of default
The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets
A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event (see (ii) above);

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy
The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due unless there is adequate security. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IAS 17 Leases.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to twelve-month ECL at the current reporting date, except for assets for which a simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Notes to the consolidated and separate financial statements
For the year ended 31st December 2018

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax 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. A reversal of an impairment loss is recognised immediately in the profit or loss.

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

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

2.14.2 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.

2.14.3 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 2018

2. Significant accounting policies continued
2.15 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 total of the government grant is recognised as deferred revenue on the statement of financial position and is recognised in profit or loss over the period the related expenditure is incurred.

Export Expansion Grant (EEG) is recognised upon confirmation of the Group's eligibility by the relevant government departments.

2.16 Employee benefits
2.16.1 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.

2.16.2 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.

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

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

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

2.17.1 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.

2.18 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.

Notes to the consolidated and separate financial statements

For the year ended 31st December 2018

2. Significant accounting policies continued

2.17 Provisions continued

2.19 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. The Group does not have any dilutive instruments.

2.20 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 requirements of IAS 17 Lease Contracts have to be applied.

Leases – as a lessee

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

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

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

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

All other leases are operating leases and they are not 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 basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Notes to the consolidated and separate financial statements
For the year ended 31st December 2018

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 2017.

IFRS 9 Financial instruments
In the current year, the Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRSs that are effective for an annual period that begins on or after 1st January 2018. The Group has elected not to restate comparatives as allowed by the transition provisions of IFRS 9. Additionally, the Group adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that were applied to the disclosures for 2018.

IFRS 9 introduced new requirements for:

(1) the classification and measurement of financial assets and financial liabilities;

(2) impairment of financial assets; and

(3) general hedge accounting.

Details of these new requirements as well as their impact on the Group's consolidated financial statements are described below.

The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

(a) Classification and measurement of financial assets
The date of initial application (i.e. the date on which the Group has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1st January 2018. Accordingly, the Group has applied the requirements of IFRS 9 to instruments that continue to be recognised as at 1st January 2018 and has not applied the requirements to instruments that have already been derecognised as at 1st January 2018.

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- debt instruments 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 amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income (FVTOCI);
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss (FVTPL). Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset;
- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination in other comprehensive income; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

All debt instruments held by the Group are held within a business model whose objective is to collect the contractual cash flows, and have contractual cash flows that are solely payments of principal and interest. These are measured at amortised cost similar to the measurement criteria applied in prior periods, hence no material impact on the financial statements.

The Directors of the Company reviewed and assessed the Group's existing financial assets as at 1st January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had no material impact on the Group's financial assets as regards their classification and measurement.

Notes to the consolidated and separate financial statements
For the year ended 31st December 2018

3. Application of new and revised International Financial Reporting Standards (IFRSs) continued
3.1 New and revised IFRSs/IFRICs affecting amounts reported and/or disclosures in these financial statements continued
IFRS 9 Financial instruments continued

(b) Impairment of financial assets

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 the Group 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 of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, IFRS 9 requires the Group to recognise a loss allowance for expected credit losses on:

(1) debt investments measured subsequently at amortised cost or at FVTOCI;

(2) lease receivables;

(3) trade receivables and contract assets; and

(4) financial guarantee contracts to which the impairment requirements of IFRS 9 apply.

In particular, IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition, or if the financial instrument is a purchased or originated credit-impaired financial asset. However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Group is required to measure the loss allowance for that financial instrument at an amount equal to twelve-months' ECL. IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

The consequential amendments to IFRS 7 have also resulted in more extensive disclosures about the Group's exposure to credit risk in the consolidated financial statements (see note 29). The impact of IFRS 9 on opening balances was considered immaterial.

(c) Classification and measurement of financial liabilities

A significant change introduced by IFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, IFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be 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, but are instead transferred to retained earnings when the financial liability is derecognised.

Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at FVTPL was presented in profit or loss.

The Group does not hold financial liabilities designated as at FVTPL; therefore, the application of IFRS 9 has had no impact on the classification and measurement of the Group's financial liabilities.

(d) General hedge accounting

The new general hedge accounting requirements retain the three types of hedge accounting. However, 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 replaced with the principle of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about the Group's risk management activities have also been introduced.

The Group does not apply hedge accounting; therefore, the application did not have any impact on the financial statements.

Notes to the consolidated and separate financial statements
For the year ended 31st December 2018

3. Application of new and revised International Financial Reporting Standards (IFRSs) continued
3.1 New and revised IFRSs/IFRICs affecting amounts reported and/or disclosures in these financial statements continued

Impact of application of IFRS 15 Revenue from Contracts with Customers

In the current year, the Group has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. The Group's accounting policies for its revenue streams are disclosed in detail in note 2.5. The application of IFRS 15 has not had any impact on the financial position and/or financial performance of the Group.

IFRS 2 (amendments) Classification and Measurement of Share-based Payment Transactions

The amendments clarify the following:

(1) In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.

(2) Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority (typically in cash), i.e. the share-based payment arrangement has a "net settlement feature", such an arrangement should be classified as equity settled in its entirety, provided that the share-based payment would have been classified as equity settled had it not included the net settlement feature.

(3) A modification of a share-based payment that changes the transaction from cash-settled to equity settled should be accounted for as follows:

(i) the original liability is derecognised;

(ii) the equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and

(iii) any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

The Group does not have share-based payments; therefore, the application of this amendment did not have any impact on the financial statements.

IAS 40 (amendments) Transfers of Investment Property

The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that the situations listed in IAS 40 are not exhaustive and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties). The Group does not hold investment property; therefore, the application of this amendment did not have any impact on the financial statements.

Annual Improvements to IFRSs 2014–2016 Cycle (Amendments to IAS 28 Investments in Associates and Joint Ventures)

The amendments clarify that the option for a venture capital organisation and other similar entities to measure investments in associates and joint ventures at FVTPL is available separately for each associate or joint venture, and that election should be made at initial recognition. The application of this amendment did not have any impact on the financial statements because the Group is not a venture capital organisation.

IFRIC 22 Foreign Currency Transactions and Advance Consideration

IFRIC 22 addresses how to determine the "date of transaction" for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (for example, a non-refundable deposit or deferred revenue). The interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration. The application of this interpretation did not have any impact as the Group's policy was consistent with the interpretation.

Notes to the consolidated and separate financial statements
For the year ended 31st December 2018

3. Application of new and revised International Financial Reporting Standards (IFRSs) continued
3.2 New and revised IFRSs in issue but not yet effective

IFRS 16	Leases
IFRS 17	Insurance Contracts
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Annual Improvements to IFRSs 2015–2017 Cycle	Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs
Amendments to IAS 19 Employee Benefits	Plan Amendment, Curtailment or Settlement
IFRS 10 Consolidated Financial Statements and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
IFRIC 23	Uncertainty over Income Tax Treatments

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective for periods beginning on or after 1 January 2019. IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and are replaced by a model where a right-to-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

As at 31 December 2018, the Group has non-cancellable operating lease commitments as shown in note 32. Some of these will qualify as right-of-use asset. The Company is assessing the impact and do not expect a material impact on equity.

“IFRS 17 Insurance Contracts

The new Standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. The Standard outlines a General Model, which is modified for insurance contracts with direct participation features, described as the Variable Fee Approach. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.

The General Model will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and it will explicitly measure the cost of that uncertainty, it takes into account market interest rates and the impact of policyholders’ options and guarantees.

The implementation of the Standard is unlikely to bring significant changes to an entity’s processes, systems and financial statements as the Group does not hold insurance contracts.

The Standard is effective for annual reporting periods beginning on or after 1 January 2021, with early application permitted.

Notes to the consolidated and separate financial statements

For the year ended 31st December 2018

3. Application of new and revised international financial reporting standards (IFRSs) continued

Amendments to IFRS 9 Prepayment Features with Negative Compensation

The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI.

The amendment applies to annual periods beginning on or after 1st January 2019, with earlier application permitted.

There are specific transition provisions depending on when the amendments are first applied, relative to the initial application of IFRS 9.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures

The amendment clarifies that IFRS 9, including its impairment requirements, applies to long-term interests. Furthermore, in applying IFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28). The amendments apply retrospectively to annual reporting periods beginning on or after 1st January 2019. Earlier application is permitted. Specific transition provisions apply depending on whether the first-time application of the amendments coincides with that of IFRS 9. The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

Annual Improvements to IFRSs 2015–2017 Cycle (Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs)

The Annual Improvements include amendments to four standards.

IAS 12 Income Taxes

The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

IAS 23 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

IFRS 3 Business Combinations

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest (PHI) in the joint operation at fair value. The PHI to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

IFRS 11 Joint Arrangements

The amendments to IFRS 11 clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not remeasure its PHI in the joint operation.

All the amendments are effective for annual periods beginning on or after 1st January 2019 and generally require prospective application. Earlier application is permitted.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

Notes to the consolidated and separate financial statements
For the year ended 31st December 2018

3. Application of new and revised International Financial Reporting Standards (IFRSs) continued
Amendments to IAS 19 Employee Benefits Plan – Amendment, Curtailment or Settlement
The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability/(asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). IAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income.

The paragraphs that relate to measuring the current service cost and the net interest on the net defined benefit liability/(asset) have also been amended. An entity will now be required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, the amendments make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability/(asset) as remeasured under IAS 19.99 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability/(asset)).

The amendments are applied prospectively. They apply only to plan amendments, curtailments or settlements that occur on or after the beginning of the annual period in which the amendments to IAS 19 are first applied.

The amendments to IAS 19 must be applied to annual periods beginning on or after 1st January 2019, but they can be applied earlier if an entity elects to do so.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

IFRS 10 Consolidated Financial Statements and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The Directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise. The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

IFRIC 23 Uncertainty over Income Tax Treatments
IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The interpretation requires an entity to:

- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
  - if yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings; and
  - if no, the entity should reflect the effect of uncertainty in determining its accounting tax position.

The interpretation is effective for annual periods beginning on or after 1st January 2019. Entities can apply the Interpretation with either full retrospective application or modified retrospective application without restatement of comparatives retrospectively or prospectively.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

Notes to the consolidated and separate financial statements
For the year ended 31st December 2018

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 are judgemental. The items, subject to judgement, are detailed in the corresponding notes to the consolidated and separate financial statements.

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

4.1 Critical accounting judgements
4.1.1 Control over subsidiaries

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

4.1.2 Tax holiday

The Directors of the Company have assessed whether the operations in Ibese production lines 3 and 4 and Obajana production line 4 are entitled to tax relief under the Pioneer Status Incentive (PSI). These production lines have already received Nigerian Investment Promotion Commission (NIPC) approval for the initial three years' tax holiday and the Company has applied for additional two years extension. While NIPC approval is yet to be obtained, the Directors' strong view, supported by historical practise, is that the Company has complied in full with the requirements of the Pioneer Status Incentive and is entitled to the two years extension. The tax benefit taken on the basis that the Company is entitled to two years extension under the Pioneer Incentive Scheme is ₦43.3 billion.

4.2 Key sources of estimation uncertainty
4.2.1 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 2018 and no adjustments done to the the remaining useful lives of assets.

4.2.2 Valuation of deferred tax

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

Notes to the consolidated and separate financial statements

For the year ended 31st December 2018

5. Revenue (tonnes)

	Group		Company	
	2018 '000 tonnes	2017 '000 tonnes	**2018 '000 tonnes**	2017 '000 tonnes
Cement production and bagging capacity (for the year)	**45,550**	45,550	**29,250**	29,250
Cement production volume	**22,798**	21,224	**14,280**	12,828
Trade cement purchase	**877**	1,180	**—**	—
Increase in stock of cement	**(140)**	(489)	**(102)**	(104)
Cement sales volume	**23,535**	21,915	**14,178**	12,724

	Group		Company	
	Year ended 31/12/2018 ₦'million	Year ended 31/12/2017 ₦'million	**Year ended 31/12/2018 ₦'million**	Year ended 31/12/2017 ₦'million
Revenue (Naira)				
Revenue from sales of cement	**900,927**	805,294	**618,301**	552,364
Revenue from sales of other products	**286**	288	**—**	—
	901,213	805,582	**618,301**	552,364

Revenue 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 ₦900.9 billion (2017: ₦805.3 billion) is revenue of approximately ₦31.61 billion (2017: ₦35.7 billion) which arose from sales to the Group's largest customer.

6. Segment information

6.1 Products and services from which reportable segments derive their revenue

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

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

- Nigeria; and
- Pan Africa

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, earnings before interest, tax, depreciation and amortisation (EBITDA) and profit from operating activities, 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 the industry.

Notes to the consolidated and separate financial statements
For the year ended 31st December 2018

6. Segment information continued
6.2 Segment revenue and results continued
The following is an analysis of the Group's revenue and results by reportable segment:

	2018				
Segment results	**Nigeria ₦'million**	**Pan Africa ₦'million**	**Central administrative costs ₦'million**	**Eliminations ₦'million**	**Total ₦'million**
Revenue	**618,301**	**283,262**	**—**	**(350)**	**901,213**
EBITDA*	**397,377**	**49,062**	**(11,178)**	**—**	**435,261**
Depreciation, amortisation and impairment	**51,809**	**46,568**	**—**	**(1,814)**	**96,563**
Operating profit/(loss)	**345,568**	**2,494**	**(11,178)**	**1,814**	**338,698**
Other income	**3,783**	**6,439**	**—**	**—**	**10,222**
Finance income	**79,378**	**3,740**	**—**	**(71,795)**	**11,323**
Finance costs	**22,565**	**94,980**	**—**	**(67,767)**	**49,778**
Profit/(loss) after tax	**491,615**	**(87,899)**	**(11,178)**	**(2,213)**	**390,325**
Segment assets and liabilities					
Non-current assets	**1,329,488**	**684,772**	**—**	**(748,635)**	**1,265,625**
Current assets	**441,025**	**180,507**	**—**	**(192,694)**	**428,838**
Total assets	**1,770,513**	**865,279**	**—**	**(941,329)**	**1,694,463**
Segment liabilities	**478,753**	**979,835**	**—**	**(750,738)**	**707,850**
Net additions to non-current assets, excluding deferred tax	**108,503**	**(6,324)**	**—**	**(102,135)**	**44**

* Represents earnings before interest, tax, depreciation and amortisation.

	2017				
Segment results	Nigeria ₦'million	Pan Africa ₦'million	Central administrative costs ₦'million	Eliminations ₦'million	Total ₦'million
Revenue	552,364	258,444	—	(5,226)	805,582
EBITDA*	360,759	38,276	(10,888)	—	388,147
Depreciation and amortisation	43,959	40,506	—	(526)	83,939
Operating profit/(loss)	316,800	(2,230)	(10,888)	526	304,208
Other income	3,386	1,827	—	—	5,213
Finance income	71,286	4,939	—	(40,299)	35,926
Finance costs	35,035	40,356	—	(22,680)	52,711
Profit/(loss) after tax	265,528	(12,773)	(10,888)	(37,619)	204,248
Segment assets and liabilities					
Non-current assets	1,213,098	688,986	—	(646,500)	1,255,584
Current assets	426,869	164,727	—	(181,297)	410,299
Total assets	1,639,967	853,713	—	(827,797)	1,665,883
Segment liabilities	649,505	873,906	—	(638,888)	884,523
Net additions to non-current assets, excluding deferred tax	(72,344)	60,266	—	62,403	50,325

* Represents earnings before interest, tax, depreciation and amortisation.

Notes to the consolidated and separate financial statements
For the year ended 31st December 2018

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

A reconciliation of earnings before interest, tax, depreciation and amortisation (EBITDA) is presented below:

	Year ended 31/12/2018 ₦'million	Year ended 31/12/2017 ₦'million
EBITDA	**435,261**	388,147
Depreciation and amortisation and impairment	**(96,563)**	(83,939)
Profit from operating activities	**338,698**	304,208
Finance income	**11,323**	35,926
Finance cost	**(49,778)**	(52,711)
Share of profit from associates	**563**	2,167
Profit before tax	**300,806**	289,590
Income tax credit/(expense)	**89,519**	(85,342)
Profit after tax	**390,325**	204,248

Significant non-current assets by country excluding deferred tax

	2018 ₦'million	2017 ₦'million
Nigeria	**1,314,927**	1,206,424
South Africa	**64,034**	84,249
Senegal	**85,664**	86,257
Zambia	**75,774**	90,019
Ethiopia	**87,506**	89,137
Tanzania	**149,635**	121,440
Congo	**97,194**	99,796
Cameroon	**39,867**	41,114
Ghana	**13,129**	18,373
Sierra Leone	**16,725**	16,993
Côte d'Ivoire	**22,489**	14,200

Significant revenue by country (external customers)

Nigeria	**617,951**	547,138
Ghana	**25,372**	28,066
South Africa	**58,993**	57,302
Ethiopia	**51,427**	54,527
Zambia	**33,121**	25,145
Tanzania	**19,473**	16,650
Senegal	**34,986**	28,750
Cameroon	**48,709**	43,186
Sierra Leone	**3,658**	2,950
Congo	**7,519**	1,017

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

Notes to the consolidated and separate financial statements
For the year ended 31st December 2018

6. Segment information continued
6.3 Eliminations and adjustments
Elimination and adjustments relate to the following:

- Profit/(loss) after tax of ₦2.2 billion (2017: ₦37.6 billion) is due to elimination of interest on inter-company loan, trading activities and exchange differences reclassified to other comprehensive income.
- Non-current assets of ₦748.6 billion (2017: ₦646.5 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 ₦192.7 billion (2017: ₦181.3 billion) are due to the elimination of current inter-company payable and receivable balances.
- Total liabilities of ₦750.7 billion (2017: ₦638.9 billion) are due to the elimination of inter-company due to and due from subsidiaries.
- Finance income of ₦71.8 billion (2017: ₦40.3 billion) and finance cost of ₦67.8 billion (2017: ₦22.7 billion) is due to the elimination of interest on inter-company loan and exchange differences reclassified to other comprehensive income.
- Revenue of ₦350 million (2017: ₦5.2 billion) represents sales by the Nigeria region to the Pan Africa region.

In addition to the depreciation and amortisation reported above, a sum of ₦360 million (2017: ₦287 million) in the financial statements represents write off/impairment in respect of property, plant and equipment. This was attributable to Pan African operations.

7. Production cost of sales

	Group		Company	
	Year ended 31/12/2018 ₦'million	Year ended 31/12/2017 ₦'million	**Year ended 31/12/2018 ₦'million**	Year ended 31/12/2017 ₦'million
Material consumed	**122,581**	111,559	**36,173**	31,942
Fuel and power consumed	**133,528**	111,569	**71,814**	64,070
Royalty	**1,134**	1,136	**677**	655
Salaries and related staff costs	**31,557**	26,713	**16,593**	14,565
Depreciation and amortisation	**64,544**	59,598	**34,237**	32,435
Plant maintenance	**29,562**	26,848	**8,149**	10,848
Other production expenses	**9,199**	14,653	**4,197**	6,314
Increase in finished goods and work in progress	**(8,794)**	(786)	**(1,552)**	(2,235)
	383,311	351,290	**170,288**	158,594

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

Notes to the consolidated and separate financial statements
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8. Administrative expenses

	Group		Company	
	Year ended 31/12/2018 ₦'million	Year ended 31/12/2017 ₦'million	**Year ended 31/12/2018 ₦'million**	Year ended 31/12/2017 ₦'million
Salaries and related staff costs	**11,323**	12,376	**5,341**	6,320
Corporate social responsibility	**2,260**	1,562	**1,446**	974
Management fee (refer to (a) below)	**3,627**	3,853	**3,627**	3,853
Depreciation and amortisation	**6,087**	5,529	**2,209**	1,897
Auditors' remuneration (refer to (b) below)	**539**	508	**293**	305
Directors' remuneration	**1,116**	1,071	**1,116**	1,062
Rent, rate and insurance	**5,341**	3,918	**2,069**	1,301
Repairs and maintenance	**1,528**	1,083	**1,130**	825
Travel expenses	**2,996**	2,041	**1,461**	901
Bank charges	**2,205**	1,222	**1,049**	415
Professional and consultancy fees	**2,650**	3,550	**1,841**	2,620
General administrative expenses	**7,883**	5,003	**3,909**	1,521
Others	**4,586**	3,377	**1,617**	380
Write off and impairment of property, plant and equipment	**360**	287	**—**	197
	52,501	45,380	**27,108**	22,571

(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 company's shared services to all its significant subsidiaries.

(b) Auditors' remuneration is detailed in the table below:

	Group		Company	
	Year ended 31/12/2018 ₦'million	Year ended 31/12/2017 ₦'million	**Year ended 31/12/2018 ₦'million**	Year ended 31/12/2017 ₦'million
Audit fees	**481**	402	**255**	215
Limited review of quarterly financial statements*	**41**	37	**21**	21
Review of financial statement for specific transactions*	**—**	69	**—**	69
Sustainability and controls review*	**17**	—	**17**	—
	539	508	**293**	305

* This was paid to the joint external auditors, Deloitte and Touche.

Other employee-related disclosures

	Group		Company	
	Year ended 31/12/2018 ₦'million	Year ended 31/12/2017 ₦'million	**Year ended 31/12/2018 ₦'million**	Year ended 31/12/2017 ₦'million
Aggregate payroll costs:				
Wages, salaries and staff welfare	**55,164**	47,253	**31,538**	26,936
Pension costs	**2,117**	2,707	**1,075**	1,826
	57,281	49,960	**32,613**	28,762

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8. Administrative expenses continued
Chairman's and Directors' remuneration

	Group		Company	
	Year ended 31/12/2018 ₦'million	Year ended 31/12/2017 ₦'million	**Year ended 31/12/2018 ₦'million**	Year ended 31/12/2017 ₦'million
Directors' remuneration comprises:				
Fees	**57**	49	**57**	49
Emoluments	**1,059**	1,022	**1,059**	1,013
	1,116	1,071	**1,116**	1,062
Chairman	**48**	39	**48**	35
Highest paid Director	**429**	407	**429**	407

Number of Directors whose emoluments were within the following ranges:

₦–₦				
1–3,200,000	**—**	—	**—**	—
3,200,001–8,750,000	**1**	—	**1**	—
8,750,001–20,000,000	**2**	—	**2**	—
Above 20,000,000	**13**	14	**13**	14
	16	14	**16**	14

Permanent employees remunerated at higher rate excluding allowances:

₦–₦				
Up to 250,000	**8,041**	6,346	**6,906**	4,936
250,001–500,000	**4,708**	4,924	**4,417**	4,727
500,001–750,000	**1,106**	1,469	**928**	1,403
750,001–1,000,000	**924**	943	**867**	884
1,000,001–1,250,000	**620**	489	**558**	474
1,250,001–1,500,000	**192**	186	**147**	155
1,500,001–2,000,000	**322**	273	**250**	143
2,000,001 and above	**880**	716	**196**	321
	16,793	15,346	**14,269**	13,043

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

Management	**592**	489	**362**	338
Non-management	**15,272**	14,170	**12,998**	11,992
	15,864	14,659	**13,360**	12,330

Notes to the consolidated and separate financial statements

For the year ended 31st December 2018

9. Selling and distribution expenses

	Group		Company	
	Year ended 31/12/18 ₦'million	Year ended 31/12/17 ₦'million	**Year ended 31/12/18 ₦'million**	Year ended 31/12/17 ₦'million
Salaries and related staff costs	**14,401**	10,871	**10,679**	7,877
Depreciation	**25,572**	18,812	**15,363**	9,627
Advertisement and promotion	**3,990**	2,199	**2,987**	1,429
Haulage expenses	**88,040**	74,653	**56,741**	46,537
Others	**4,922**	3,382	**3,508**	3,213
	136,925	109,917	**89,278**	68,683

10. Finance income and finance costs

	Group		Company	
	Year ended 31/12/18 ₦'million	Year ended 31/12/17 ₦'million	**Year ended 31/12/18 ₦'million**	Year ended 31/12/17 ₦'million
Finance income				
Interest income	**11,323**	9,136	**37,705**	36,383
Others –foreign exchange gain	**—**	26,790	**41,673**	34,903
	11,323	35,926	**79,378**	71,286
Finance costs				
Interest expenses	**41,413**	52,101	**22,312**	34,425
Less: amounts included in the cost of qualifying assets	**—**	—	**—**	—
	41,413	52,101	**22,312**	34,425
Foreign exchange loss	**8,112**	—	**—**	—
Other finance costs	**253**	610	**253**	610
	49,778	52,711	**22,565**	35,035

The average effective interest rate on funds borrowed generally is 11.14% and 11.28% per annum for Group and Company respectively (2017: 13.26% per annum for Group and 13.07% per annum for Company). These are the rates used for the capitalisation on qualifying assets.

11. Other income

	Group		Company	
	Year ended 31/12/18 ₦'million	Year ended 31/12/17 ₦'million	**Year ended 31/12/18 ₦'million**	Year ended 31/12/17 ₦'million
Insurance claims	**982**	411	**730**	219
Government grant (note 25.1)	**2,368**	376	**2,336**	346
Sundry income	**6,872**	4,426	**717**	2,821
	10,222	5,213	**3,783**	3,386

Government grant includes ₦2.06 billion Export Expansion Grant (EEG) on export sales for 2014–2017 in both Group and Company.

Sundry income includes ₦3.4 billion for provisions reversed which are no longer necessary.

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For the year ended 31st December 2018

12. Profit for the year
Profit for the year includes the following charges:

	Group		Company	
	Year ended 31/12/18 ₦'million	Year ended 31/12/17 ₦'million	**Year ended 31/12/18 ₦'million**	Year ended 31/12/17 ₦'million
Depreciation of property, plant and equipment	**95,578**	83,377	**51,793**	43,862
Amortisation of intangible assets	**625**	562	**16**	97
Auditors' remuneration	**539**	508	**293**	305
Employee benefits expense	**57,281**	49,960	**32,613**	28,762
Loss on disposal of property, plant and equipment	**459**	58	**5**	58

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 31/12/18 ₦'million	Year ended 31/12/17 ₦'million	**Year ended 31/12/18 ₦'million**	Year ended 31/12/17 ₦'million
Profit for the year attributable to owners of the Company	**388,983**	198,585	**481,456**	254,630
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 and diluted earnings per share (Naira)	**22.83**	11.65	**28.25**	14.94

14. Income taxes
14.1 Income tax recognised in profit or loss

	Group		Company	
	Year ended 31/12/18 ₦'million	Year ended 31/12/17 ₦'million	**Year ended 31/12/18 ₦'million**	Year ended 31/12/17 ₦'million
Current tax				
Current tax	**(10,468)**	(49,061)	**(8,981)**	(48,447)
Prior year over provision (refer to note 14.1.1)	**53,869**	—	**53,869**	—
	43,401	(49,061)	**44,888**	(48,447)
Deferred tax				
Deferred tax	**46,118**	(36,281)	**44,345**	(39,076)
Total income tax credit/(charge) recognised	**89,519**	(85,342)	**89,233**	(87,523)

Notes to the consolidated and separate financial statements
For the year ended 31st December 2018

14. Income taxes continued
14.1 Income tax recognised in profit or loss continued
The income tax credit/(expense) for the year can be reconciled to the accounting profit as follows:

	Group		Company	
	Year ended 31/12/18 ₦'million	Year ended 31/12/17 ₦'million	**Year ended 31/12/18 ₦'million**	Year ended 31/12/17 ₦'million
Profit before income tax	**300,806**	289,590	**392,223**	342,153
Income tax expense calculated at 30% (2017: 30%)	**(90,242)**	(86,877)	**(117,667)**	(102,646)
Education tax	**(3,765)**	(6,271)	**(3,765)**	(6,271)
Effect of tax holiday and income that is exempt from taxation	**56,980**	19,977	**55,774**	11,264
Effect of expenses that are not deductible in determining taxable profit	**(384)**	(638)	**(324)**	(550)
Effect of previously unrecognised temporary difference now recognised as deferred tax assets	**2,457**	5,145	**—**	—
Effect of previously recognised temporary difference now derecognised as deferred tax assets	**(6,898)**	—	**—**	—
Effect of deferred tax not recognised on net investment exchange gains	**7,563**	—	**17,596**	9,692
Effect of prior year over provision (refer to note 14.1.1)	**133,717**	—	**133,717**	—
Effect of investment allowance	**2,382**	—	**2,382**	—
Effect of income taxed at different rates	**1,586**	2,570	**1,586**	2,570
Effect of unused tax losses and offsets not recognised as deferred tax assets	**(15,059)**	(16,815)	**—**	—
Effect of different tax rates of subsidiaries operating in other jurisdictions	**1,234**	(809)	**—**	—
Other	**(52)**	(1,624)	**(66)**	(1,582)
Income tax income credit/(charge) recognised in profit or loss	**89,519**	(85,342)	**89,233**	(87,523)

The income tax rate of 30% was used for the Company tax computation as established by the tax legislation of Nigeria effective in 2018 and 2017. The income tax rate in South Africa is 28% and 38.5% for Cameroon.

14.1.1
In prior years, we made a tax provision on profits earned from Ibese production lines 3 & 4 and Obajana production line 4 on the basis that they were yet to obtain approval for tax exemptions under the Pioneer Status Incentive. Approval was obtained in December 2018 and the provision was reversed.

14.2.1 Current tax receivables

	Group		Company	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Balance at the beginning of the year	**59**	9	**—**	—
Charge for the year	**(42)**	(500)	**—**	—
Payments during the year	**(15)**	595	**—**	—
Other receivables*	**6,211**	—	**6,211**	—
Effect of currency exchange difference	**—**	(45)	**—**	—
Balance at the end of the year	**6,213**	59	**6,211**	—

* Other receivables represents tax credit from government for infrastructure development.

Notes to the consolidated and separate financial statements
For the year ended 31st December 2018

14. Income taxes continued
14.2.2 Current tax payables

	Group		Company	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Balance at the beginning of the year	**63,901**	18,220	**63,787**	17,852
Charge for the year	**(43,443)**	48,561	**(44,888)**	48,447
Payments during the year	**(11,178)**	(2,618)	**(10,291)**	(2,512)
Effect of currency exchange difference	**(57)**	(262)	**—**	—
Balance at the end of the year	**9,223**	63,901	**8,608**	63,787

14.3 Deferred tax balance

	Group		Company	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Deferred tax assets	**40,622**	30,625	**14,561**	6,674
Deferred tax liabilities	**(83,350)**	(116,898)	**(80,033)**	(116,491)
Net deferred tax liabilities	**(42,728)**	(86,273)	**(65,472)**	(109,817)

Group

2018	**Opening balance ₦'million**	**Recognised in profit or loss ₦'million**	**Effect of currency translation ₦'million**	**Closing balance ₦'million**
Deferred tax assets/(liabilities) in relation to:				
Property, plant and equipment	(144,431)	87,267	2,003	(55,161)
Unrealised exchange gains	(14,598)	7,297	(476)	(7,777)
Provision	508	(124)	6	390
Tax losses	72,248	(48,322)	(4,106)	19,820
	(86,273)	**46,118**	**(2,573)**	**(42,728)**

2017	Opening balance ₦'million	Recognised in profit or loss ₦'million	Effect of currency translation ₦'million	Closing balance ₦'million
Deferred tax assets/(liabilities) in relation to:				
Property, plant and equipment	(94,616)	(46,825)	(2,990)	(144,431)
Unrealised exchange gains	(11,096)	(2,447)	(1,055)	(14,598)
Provision	580	316	(388)	508
Tax losses	53,276	12,675	6,297	72,248
	(51,856)	(36,281)	1,864	(86,273)

Notes to the consolidated and separate financial statements
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14. Income taxes continued
14.3 Deferred tax balance continued
Company

2018	**Opening balance ₦'million**	**Recognised in profit or loss ₦'million**	**Closing balance ₦'million**
Deferred tax assets/(liabilities) in relation to:			
Property, plant and equipment	(104,668)	47,152	(57,516)
Unrealised exchange gains	(5,993)	(2,665)	(8,658)
Provision	844	(142)	702
	(109,817)	**44,345**	**(65,472)**

2017	Opening balance ₦'million	Recognised in profit or loss ₦'million	Closing balance ₦'million
Deferred tax assets/(liabilities) in relation to:			
Property, plant and equipment	(60,942)	(43,726)	(104,668)
Unrealised exchange gains	(10,716)	4,723	(5,993)
Provision	917	(73)	844
	(70,741)	(39,076)	(109,817)

Tax authorities in various jurisdictions where we operate reserve the right to audit the tax charges for the financial year ended 31st December 2018 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.

Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following:

	Group		Company	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Tax losses	**36,391**	9,462	**–**	–
Unused tax credits	**184**	13,026	**–**	–
Deductible temporary differences	**2,087**	–	**–**	–
	38,662	22,488	**–**	–

The unrecognised tax credits will expire as follows:

	Group		Company	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Year 1	**1,788**	–	**–**	–
Year 2	**1,910**	10,944	**–**	–
Year 3	**2,185**	7,096	**–**	–
Year 4	**–**	–	**–**	–
Year 5	**–**	–	**–**	–
After year 5	**–**	–	**–**	–
No expiry date	**32,779**	4,448	**–**	–
	38,662	22,488	**–**	–

Deferred tax liability amounting to ₦26.4 billion (2017: ₦22.7 billion) for both Group and Company was not recognised. This relates to exchange on inter-company loans classified as part of the net investment in subsidiaries.

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14. Income taxes continued
14.3 Deferred tax balance continued

The pioneer status of line 3 of our Obajana plant expired in 2017. 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 implies that the Company will be assessed on an actual year basis for tax. This may result in a higher effective tax rate for the 2020 Financial Year.

15. Property, plant and equipment
15.1 The Group

	Leasehold improvements and buildings ₦'million	Plant and machinery ₦'million	Motor vehicles ₦'million	Aircraft ₦'million	Furniture and equipment ₦'million	Capital work in progress ₦'million	Total ₦'million
Cost							
Balance at 1st January 2017	153,868	904,379	144,973	4,028	7,251	181,507	1,396,006
Additions	955	5,050	11,921	—	409	67,286	85,621
Reclassifications (note 15.1.1)	49,205	114,627	16,749	—	1,666	(182,247)	—
Other reclassifications (note 15.1.2)	—	(347)	(15,225)	—	—	(8)	(15,580)
Disposal (note 15.1.3)	—	(23)	(2,173)	—	(272)	—	(2,468)
Write-off	—	—	(238)	—	(22)	—	(260)
Effect of currency exchange differences	14,867	20,518	4,295	—	411	15,614	55,705
Balance at 31st December 2017	218,895	1,044,204	160,302	4,028	9,443	82,152	1,519,024
Additions	9,548	14,115	702	—	291	63,967	88,623
Reclassifications (note 15.1.1	1,405	13,796	7,480	—	794	(23,475)	—
Other reclassifications (note 15.1.2)	(3,177)	1,186	(391)	—	—	(3,883)	(6,265)
Disposal (note 15.1.3)	—	(285)	(271)	—	—	(146)	(702)
Effect of currency exchange differences	2,688	(13,498)	(302)	—	(103)	1,498	(9,717)
Balance at 31st December 2018	**229,359**	**1,059,518**	**167,520**	**4,028**	**10,425**	**120,113**	**1,590,963**
Accumulated depreciation and impairment							
Balance at 1st January 2017	15,978	158,327	62,246	1,117	2,627	—	240,295
Depreciation expense	7,437	47,721	26,793	403	1,023	—	83,377
Reclassifications)	898	28	(926)	—	—	—	—
Other reclassifications (note 15.1.2)	—	—	(12)	—	—	—	(12)
Disposal (note 15.1.3)	—	(17)	(2,121)	—	(272)	—	(2,410)
Impairment (note 15.1.4)	1	62	(18)	—	(18)	—	27
Effect of currency exchange differences	914	3,245	1,239	—	209	—	5,607
Balance at 31st December 2017	25,228	209,366	87,201	1,520	3,569	—	326,884
Depreciation expense	8,776	51,499	33,718	403	1,182	—	95,578
Other reclassifications (note 15.1.2)	(202)	—	—	—	—	—	(202)
Disposal (note 15.1.3)	—	(9)	(234)	—	—	—	(243)
Impairment (note 15.1.4)	—	24	336	—	—	—	360
Effect of currency exchange differences	162	(3,111)	(251)	—	(78)	—	(3,278)
Balance at 31st December 2018	**33,964**	**257,769**	**120,770**	**1,923**	**4,673**	**—**	**419,099**
Carrying amounts							
At 31st December 2017	193,667	834,838	73,101	2,508	5,874	82,152	1,192,140
At 31st December 2018	**195,395**	**801,749**	**46,750**	**2,105**	**5,752**	**120,113**	**1,171,864**

Notes to the consolidated and separate financial statements
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15. Property, plant and equipment continued
15.1 The Group continued

15.1.1 Represents assets transferred from capital work in progress on completion.

15.1.2 Represents amount transferred to/from non current prepayment, inventories, customers, related parties and intangible assets.

15.1.3 Represents motor trucks and equipment disposed of.

15.1.4 Represents impairment of motor trucks and equipment during the year.

15.1.5 Some borrowings are secured by a debenture on all the fixed and floating assets (note 25).

15.2 The Company

	Leasehold improvements and buildings ₦'million	Plant and machinery ₦'million	Motor vehicles ₦'million	Aircraft ₦'million	Furniture and equipment ₦'million	Capital work in progress ₦'million	Total ₦'million
Cost							
Balance at 1st January 2017	47,595	548,521	83,015	4,028	2,080	68,502	753,741
Additions	—	3,061	92	—	5	37,312	40,470
Reclassifications (note 15.2.1)	2,709	47,525	20,668	—	1,096	(71,998)	—
Other reclassifications (note 15.2.2)	—	—	(15,420)	—	—	—	(15,420)
Disposal (note 15.2.3)	—	(23)	(2,173)	—	(272)	—	(2,468)
Write-off	—	—	(197)	—	—	—	(197)
Balance at 31st December 2017	50,304	599,084	85,985	4,028	2,909	33,816	776,126
Additions	4	7,545	—	—	87	34,509	42,145
Reclassifications (note 15.2.1)	1,122	13,720	6,544	—	505	(21,891)	—
Other reclassifications (note 15.2.2)	—	(41)	(391)	—	—	(3,943)	(4,375)
Disposal (note 15.2.3)	—	—	(239)	—	—	—	(239)
Balance at 31st December 2018	**51,430**	**620,308**	**91,899**	**4,028**	**3,501**	**42,491**	**813,657**
Accumulated depreciation and impairment							
Balance at 1st January 2017	9,589	124,705	47,830	1,117	1,483	—	184,724
Depreciation expense	2,009	27,402	13,653	403	395	—	43,862
Other reclassifications (note 15.2.2)	—	—	(12)	—	—	—	(12)
Disposal (note 15.2.3)	—	(17)	(2,121)	—	(272)	—	(2,410)
Balance at 31st December 2017	11,598	152,090	59,350	1,520	1,606	—	226,164
Depreciation expense	2,028	28,588	20,230	403	544	—	51,793
Disposal (note 15.2.3)	—	—	(234)	—	—	—	(234)
Balance at 31st December 2018	**13,626**	**180,678**	**79,346**	**1,923**	**2,150**	**—**	**277,723**
Carrying amounts							
At 31st December 2017	38,706	446,994	26,635	2,508	1,303	33,816	549,962
At 31st December 2018	**37,804**	**439,630**	**12,553**	**2,105**	**1,351**	**42,491**	**535,934**

15.2.1 Represents assets transferred from capital work in progress on completion.

15.2.2 Represents amount transferred to inventories, customers and related parties.

15.2.3 Represents motor trucks and equipment disposed of.

15.2.4 Some borrowings are secured by a debenture on all the fixed and floating assets (note 25).

Notes to the consolidated and separate financial statements
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16. Intangible assets

	Group		
	Computer software ₦'million	Exploration assets ₦'million	Total ₦'million
Cost			
Balance at 1st January 2017	3,856	2,212	6,068
Additions	243	1,396	1,639
Reclassifications from property, plant and equipment (refer to note 15.1.2)	8	347	355
Effect of foreign currency differences	464	464	928
Balance at 31st December 2017	4,571	4,419	8,990
Additions	254	542	796
Effect of foreign currency differences	(85)	(616)	(701)
Balance at 31st December 2018	**4,740**	**4,345**	**9,085**
Amortisation			
Balance at 1st January 2017	1,859	64	1,923
Amortisation expense	495	67	562
Effect of foreign currency differences	134	16	150
Balance at 31st December 2017	2,488	147	2,635
Amortisation expense	519	106	625
Effect of foreign currency differences	(114)	(30)	(144)
Balance at 31st December 2018	**2,893**	**223**	**3,116**
Carrying amounts			
At 31st December 2017	2,083	4,272	6,355
At 31st December 2018	**1,847**	**4,122**	**5,969**

Intangible assets (computer software) represent software which have useful life of four years and amortized on a straight line basis over these years.

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

Notes to the consolidated and separate financial statements

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16. Intangible assets continued

	Company		
	Computer software ₦'million	Exploration assets ₦'million	Total ₦'million
Cost			
Balance at 1st January 2017	1,306	–	1,306
Additions	21	–	21
Balance at 31st December 2017	1,327	–	1,327
Additions	27	–	27
Balance at 31st December 2018	**1,354**	**–**	**1,354**
Amortisation			
Balance at 1st January 2017	1,193	–	1,193
Amortisation expense	97	–	97
Balance at 31st December 2017	1,290	–	1,290
Amortisation expense	16	–	16
Balance at 31st December 2018	**1,306**	**–**	**1,306**
Carrying amounts			
At 31st December 2017	37	–	37
At 31st December 2018	**48**	**–**	**48**

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

17. Information regarding subsidiaries and associate

17.1 Subsidiaries

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

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership or voting power held by the Group 31/12/18	31/12/17
Dangote Cement South Africa (Pty) Limited	Cement production	South Africa	**64.00%**	64.00%
Dangote Industries (Ethiopia) Plc	Cement production	Ethiopia	**99.97%**	99.97%
Dangote Cement Zambia Limited	Cement production	Zambia	**99.96%**	75.00%
Dangote Cement Senegal S.A.	Cement production	Senegal	**99.99%**	99.99%
Dangote Cement Cameroon S.A.	Cement grinding	Cameroon	**99.97%**	99.97%
Dangote Mines Limited, Tanzania	Cement production	Tanzania	**99.70%**	99.70%
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 Côte d'Ivoire S.A.	Cement grinding	Côte 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 Burkina Faso S.A.	Selling and distribution of cement	Burkina Faso	**95.00%**	95.00%
Dangote Cement Chad S.A.	Selling and distribution of cement	Chad	**95.00%**	95.00%
Dangote Cement Mali S.A.	Selling and distribution of cement	Mali	**95.00%**	95.00%

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17. Information regarding subsidiaries and associate continued
17.1 Subsidiaries continued

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership or voting power held by the Group 31/12/18	31/12/17
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. Limited	Cement production	Nepal	**100.00%**	100.00%
Dangote Zimbabwe Holdings (Private) Limited	Investment holding	Zimbabwe	**90.00%**	90.00%
Dangote Cement Zimbabwe (Private) Limited	Cement production	Zimbabwe	**90.00%**	90.00%
Dangote Energy Zimbabwe (Private) Limited	Power production	Zimbabwe	**90.00%**	90.00%
Dangote Mining Zimbabwe (Private) Limited	Coal production	Zimbabwe	**90.00%**	90.00%
Dangote Cement Guinea S.A.	Cement production	Guinea	**95.00%**	95.00%
Cimenterie Obajana Sprl- D.R. Congo	Cement production	D.R. Congo	**98.00%**	98.00%
Itori Cement Plc.	Cement production	Nigeria	**99.00%**	99.00%
Okpella Cement Plc.	Cement production	Nigeria	**99.00%**	99.00%
Dangote Takoradi Cement Production Limited	Cement grinding	Ghana	**99.00%**	99.00%
Dangote Cement Yaounde	Cement grinding	Cameroon	**90.00%**	90.00%
Dangote Cement Congo D.R. S.A.	Cement production	D.R. Congo	**99.00%**	99.00%
DCP Cement Limited	Cement production	Nigeria	**90.00%**	—
Dangote Cement Limited, Tanzania	Cement production	Tanzania	**99.70%**	—
Dangote Contracting Services Limited, Tanzania	Contracting services	Tanzania	**99.70%**	—
Indirect subsidiaries				
Dangote Cement South Africa (Pty) Limited subsidiaries				
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	Cement production	South Africa	**100.00%**	100.00%
Portion 11 Klein Westerford Properties (Pty) Ltd	Investment property	South Africa	**100.00%**	100.00%
Dangote Cement Zambia Limited subsidiary				
Dangote Quarries (Zambia) Limited	Limestone mining	Zambia	**49.90%**	49.90%
Dangote Fuels Zambia Limited	Selling and distribution of fuels	Zambia	**99.00%**	—
Dangote Cement Nepal Pvt. Limited subsidiary				
Birat Cement Pvt. Limited	Cement production and distribution	Nepal	**100.00%**	100.00%

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For the year ended 31st December 2018

17. Information regarding subsidiaries and associate continued
17.2 Investments in subsidiaries

	Group		Company	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Dangote Cement South Africa (Pty) Limited	**–**	–	**27,922**	27,922
Dangote Industries (Ethiopia) Plc	**–**	–	**40,036**	40,036
Dangote Cement Zambia Limited	**–**	–	**106**	–
Dangote Cement Senegal S.A.	**–**	–	**64,782**	64,782
Dangote Cement Cameroon S.A.	**–**	–	**15,160**	15,160
Dangote Cement Ghana Limited	**–**	–	**–**	–
Dangote Mines Limited, Tanzania	**–**	–	**13,851**	13,851
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 Burkina faso S.A.	**–**	–	**3**	3
Dangote Cement Chad S.A.	**–**	–	**3**	3
Dangote Cement Mali S.A.	**–**	–	**3**	3
Dangote Cement Niger SARL	**–**	–	**5**	5
Dangote Industries Benin S.A.	**–**	–	**3**	3
Dangote Cement Togo S.A.	**–**	–	**5**	5
Dangote Takoradi Cement Production Limited	**–**	–	**141**	141
Dangote Cement Madagascar Limited	**–**	–	**2**	–
Dangote Cement Congo D.R. S.A	**–**	–	**6**	–
Dangote Cement – Liberia Ltd.	**–**	–	**–**	–
Dangote Cement Kenya Limited	**–**	–	**–**	–
Dangote Quarries Kenya Limited	**–**	–	**–**	–
Dangote Quarries Mozambique Limitada	**–**	–	**–**	–
Dangote Cement Nepal Pvt. Ltd.	**–**	–	**–**	–
Dangote Zimbabwe Holdings (Private) Limited	**–**	–	**–**	–
Dangote Cement Zimbabwe (Private) Limited	**–**	–	**–**	–
Dangote Energy Zimbabwe (Private) Limited	**–**	–	**–**	–
Dangote Mining Zimbabwe (Private) Limited	**–**	–	**–**	–
Dangote Cement Guinea S.A.	**–**	–	**–**	–
Cimenterie Obajana Sprl- D.R. Congo	**–**	–	**–**	–
Itori Cement Plc.	**–**	–	**–**	–
Okpella Cement Plc.	**–**	–	**–**	–
Dangote Cement Yaounde	**–**	–	**–**	–
DCP Cement Limited	**–**	–	**–**	–
Dangote Cement Limited, Tanzania	**–**	–	**–**	–
Dangote Contracting Services Limited, Tanzania	**–**	–	**–**	–
	–	–	**162,071**	161,957

During the year, Zambia issued additional shares, all of which were issued to Dangote Cement Plc, resulting in the dilution of non-controlling interest to 0.04%. Also, Dangote Cement Tanzania changed its name to Dangote Mines Limited, Tanzania.

Notes to the consolidated and separate financial statements
For the year ended 31st December 2018

17. Information regarding subsidiaries and associate continued
17.3 Investment in associate

	Group		Company	
	31/12/18 ₦'million	31/12/18 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Societe des Ciments d'Onigbolo	**3,749**	1,582	**1,582**	1,582
Share of profit from associate	**563**	2,167	**—**	—
	4,312	3,749	**1,582**	1,582

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 2018	2017
Cement production	Congo	**1**	1
Bagging and distribution of cement	Liberia	**1**	1
Bagging and distribution of cement	Ghana	**1**	1
Cement production	Nepal	**1**	1

Principal activity	Place of incorporation and operation	Number of non-wholly owned subsidiaries 2018	2017
Cement production	South Africa	**1**	1
Cement production	Ethiopia	**1**	1
Cement production	Zambia	**1**	1
Cement production	Senegal	**1**	1
Cement grinding	Cameroon	**2**	1
Cement production	Tanzania	**2**	1
Contracting services	Tanzania	**1**	—
Bagging and distribution of cement	Sierra Leone	**1**	1
Bagging and distribution of cement	Côte d'Ivoire	**1**	1
Cement grinding	Gabon	**1**	1
Selling and distribution of cement	Burkina Faso	**1**	1
Selling and distribution of cement	Chad	**1**	1
Selling and distribution of cement	Mali	**1**	1
Selling and distribution of cement	Niger	**1**	1
Limestone mining	Kenya	**1**	1
Cement production	Kenya	**1**	1
Cement production	Madagascar	**1**	1
Selling and distribution of cement	Benin	**1**	1
Selling and distribution of cement	Togo	**1**	1
Cement production	Mozambique	**1**	1
Holding company	Zimbabwe	**1**	1
Cement production	Zimbabwe	**1**	1
Power production	Zimbabwe	**1**	1
Coal production	Zimbabwe	**1**	1
Cement production	Guinea	**1**	1
Cement production	D.R. Congo	**2**	2
Cement production	Nigeria	**3**	2
Cement grinding	Ghana	**1**	1

Notes to the consolidated and separate financial statements
For the year ended 31st December 2018

17. Information regarding subsidiaries and associate continued
17.5 Details of non-wholly owned subsidiaries that have material non-controlling interests
The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	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	
		2018 %	2017 %	**2018 ₦'million**	2017 ₦'million	**2018 ₦'million**	2017 ₦'million
Sephaku Cement (Pty) Limited	South Africa	**36.00%**	36.00%	**1,202**	604	**12,210**	14,280

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

	Dangote Cement South Africa (Pty) Limited	
	2018 ₦'million	2017 ₦'million
Information in respect of the financial position of the subsidiaries		
Current assets	**20,067**	23,055
Non-current assets	**69,594**	89,247
Current liabilities	**23,882**	28,877
Non-current liabilities	**29,320**	43,758
Equity attributable to owners of the Company	**24,249**	25,387
Non-controlling interests	**12,210**	14,280
Information in respect of the profit and loss and other comprehensive income		
Revenue	**58,993**	57,302
Expenses	**(57,513)**	(55,117)
Tax credit	**1,859**	(508)
Profit for the year	**3,339**	1,677
Profit attributable to owners of the Company	**2,137**	1,073
Profit attributable to the non-controlling interests	**1,202**	604
Profit for the year	**3,339**	1,677
Other comprehensive income	**—**	—
Total comprehensive income for the year	**3,339**	1,677
Total comprehensive income attributable to owners of the Company	**2,137**	1,073
Total comprehensive income attributable to the non-controlling interests	**1,202**	604
Total comprehensive income for the year	**3,339**	1,677
Information in respect of the cash flows of the subsidiary		
Dividends paid to non-controlling interests	**—**	—
Net cash inflow from operating activities	**9,482**	12,223
Net cash (outflow)/inflow from investing activities	**(14)**	63
Net cash outflow from financing activities	**(7,445)**	(9,261)
Net cash inflow	**2,023**	3,025

17.7 Change in the Group's ownership interest in a subsidiary
The Company's shareholding in Dangote Cement Zambia Limited was increased as explained in note 17.2. Also additional subsidiaries were incorporated in Nigeria and Tanzania during the year.

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

Notes to the consolidated and separate financial statements
For the year ended 31st December 2018

18. Prepayments
18.1 Prepayments for property, plant and equipment

	Group		Company	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Non-current				
Advance to contractors	**33,408**	16,101	**—**	1,600
Operating lease	**2,975**	—	**—**	—
Total non-current prepayments	**36,383**	16,101	**—**	1,600

18.2 Prepayments and other current assets

	Group		Company	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Advance to contractors	**8,563**	17,680	**5,965**	5,791
Deposits for import	**14,942**	13,839	**12,589**	9,914
Deposit for supplies	**8,519**	5,638	**1,634**	1,083
Rent, rates and insurance	**3,846**	2,596	**2,077**	1,303
Other financial assets	**8**	10	**—**	—
Total current prepayments and other assets	**35,878**	39,763	**22,265**	18,091
Related-party transactions				
Parent company	**524**	—	**524**	—
Entities controlled by the parent company	**65,481**	75,733	**61,627**	72,706
Receivables from subsidiaries	**—**	—	**168,173**	157,397
Total related-party transactions	**66,005**	75,733	**230,324**	230,103
Prepayments and other current assets	**101,883**	115,496	**252,589**	248,194

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.

19. Inventories

	Group		Company	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Finished product	**8,529**	6,389	**6,358**	4,768
Work in progress	**16,750**	10,096	**4,473**	4,511
Raw materials	**6,281**	5,898	**2,323**	1,993
Packaging materials	**4,040**	4,180	**1,018**	1,332
Consumables	**10,184**	8,287	**6,745**	6,079
Fuel	**11,612**	11,621	**7,147**	9,312
Spare parts	**44,452**	36,403	**29,341**	26,275
Goods in transit	**5,150**	11,720	**2,415**	7,989
	106,998	94,594	**59,820**	62,259

The cost of inventories recognised as an expense during the year was ₦275.89 billion and ₦120.70 billion (2017: ₦250.50 billion and ₦104.54 billion) in the consolidated and separate financial statements respectively.

The amount recognised as obsolescence during the year was ₦35.6 million (2017: ₦133.4 million) for Group.

Notes to the consolidated and separate financial statements

For the year ended 31st December 2018

20. Trade and other receivables

	Group		Company	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Trade receivables	**16,626**	16,784	**7,036**	10,180
Impairment allowance on trade receivables	**(1,346)**	(645)	**(1,272)**	(616)
	15,280	16,139	**5,764**	9,564
Staff loans and advances	**1,514**	1,463	**1,162**	1,209
Other receivables	**27,674**	12,553	**4,120**	1,567
Total trade and other receivables	**44,468**	30,155	**11,046**	12,340

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, ₦666.8 million (2017: ₦537 million) and ₦1.13 billion (2017: ₦6.0 billion) are due from the Group's and Company's largest trade debtor respectively. There are no other customers which represent more than 10% of the total balance of trade receivables of the Group after impairment.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 100% against all receivables over 720 days past due, except where there is adequate security, because historical experience has indicated that these receivables are generally not recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting year.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, except where there is adequate security. None of the trade receivables that have been written off are subject to enforcement activities.

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

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

	Group					
31/12/18	**Not past due ₦'million**	**<30 ₦'million**	**31–60 ₦'million**	**61–90 ₦'million**	**>90 ₦'million**	**Total ₦'million**
Expected credit loss rate	**1.0%**	**0.0%**	**0.3%**	**2.7%**	**89.0%**	
Estimated total gross carrying amount at default	**9,855**	**4,455**	**805**	**111**	**1,400**	**16,626**
Lifetime ECL	**95**	**—**	**2**	**3**	**1,246**	**1,346**

	Company					
31/12/18	**Not past due ₦'million**	**<30 ₦'million**	**31–60 ₦'million**	**61–90 ₦'million**	**>90 ₦'million**	**Total ₦'million**
Expected credit loss rate	**0.9%**	**0.9%**	**2.1%**	**6.0%**	**49.9%**	
Estimated total gross carrying amount at default	**4,360**	**49**	**114**	**50**	**2,463**	**7,036**
Lifetime ECL	**39**	**—**	**2**	**3**	**1,228**	**1,272**

Notes to the consolidated and separate financial statements
For the year ended 31st December 2018

21. Financial lease receivables

	Group/Company	
	31/12/18 ₦'million	31/12/17 ₦'million
Current finance lease receivables	**2,380**	1,608
Non-current finance lease receivables	**6,475**	6,614
	8,855	8,222

Leasing arrangements

The Group entered into finance lease arrangement for some of its trucks. All leases are denominated in Naira. The average term of finance leases entered into is 4.17 years.

Amounts receivable under finance leases:

	Group/Company			
	Minimum lease payments		Present value of minimum lease payment	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Not later than one year	**3,349**	2,691	**2,380**	1,608
Later than one year and not later than five years	**7,584**	8,523	**6,475**	6,614
Later than five years	**—**	—	**—**	—
	10,933	11,214	**8,855**	8,222
Less: unearned finance income	**(2,078)**	(2,992)	**—**	—
Present value of minimum lease payments receivable	**8,855**	8,222	**8,855**	8,222
Allowance for uncollectable lease payments	**—**	—	**—**	—
	8,855	8,222	**8,855**	8,222

Unguaranteed residual values of assets leased under finance leases at the end of the reporting year are estimated at nil.

The average effective interest rate implicit in the contracts is 14% (2017: 14%) per annum.

The Directors of the Company estimate the loss allowance on finance lease receivables at the end of the reporting year at an amount equal to lifetime ECL. Taking into account the historical default experience and the future prospects of the industries in which the lessees operate, together with the value of collateral held over these finance lease receivables, the Directors of the Company consider that no finance lease receivables are impaired.

The table below shows the aged analysis of the finance lease receivables:

	Group/Company					
31/12/18	**Not past due ₦'million**	**<30 ₦'million**	**31–60 ₦'million**	**61–90 ₦'million**	**>90 ₦'million**	**Total ₦'million**
Estimated total gross carrying amount at default	**8,721**	**92**	**39**	**3**	**—**	**8,855**

Notes to the consolidated and separate financial statements
For the year ended 31st December 2018

22. Share capital
22.1

	Group/Company	
	31/12/18 ₦'million	31/12/17 ₦'million
Issued and fully paid		
Share capital 17,040,507,405 (2017: 17,040,507,405) ordinary shares of ₦0.5 each	**8,520**	8,520
Share premium	**42,430**	42,430

22.2
Authorised share capital as at reporting dates represents 20,000,000,000 units of ordinary shares of ₦0.5 each.

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

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

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

23. Dividend
On 20th June 2018, a dividend of ₦10.50 per share (total dividend ₦178.9 billion) was approved by shareholders to be paid to holders of fully paid ordinary shares in relation to 2017 financial year.

In respect of the current year, the Directors proposed a dividend of ₦16.00 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.

24. Trade and other payables

	Group		Company	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Trade payables	**86,265**	78,561	**41,157**	50,235
Payable to contractors	**22,477**	30,933	**12,695**	21,148
Value added tax	**3,050**	2,775	**1,163**	873
Withholding tax payable	**6,476**	9,485	**415**	1,118
Staff pension (note 28.1)	**461**	266	**7**	8
Advances from customers	**26,299**	27,163	**17,986**	16,592
Suppliers' credit	**17,660**	41,492	**3,523**	23,337
Accruals	**68,282**	80,046	**15,933**	29,426
Total trade and other payables	**230,970**	270,721	**92,879**	142,737

The average credit period on purchases of goods is 82 days (2017: 82 days). Normally, no interest is charged on trade payables. The Group has financial risk management policies in place to ensure that all payables are paid in line with the pre-agreed credit terms.

Notes to the consolidated and separate financial statements
For the year ended 31st December 2018

25. Financial liabilities

	Group		Company	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Unsecured borrowings at amortised cost				
Subordinated loans (note 25(a))	**—**	29,998	**—**	29,998
Loans from Dangote Industries Limited	**56,956**	129,597	**56,956**	129,597
Bulk Commodities Inc. loans	**17,765**	16,159	**1,184**	1,093
Loans from Dangote Oil & Gas	**42,776**	39,262	**42,776**	39,262
Commercial papers (note 25(c))	**79,273**	—	**79,273**	—
	196,770	215,016	**180,189**	199,950
Secured borrowings at amortised cost				
Power intervention loan (note 25(b))	**7,838**	10,225	**7,838**	10,225
Bank loans	**130,693**	146,853	**10,218**	18,015
	138,531	157,078	**18,056**	28,240
Total borrowings at 31st December	**335,301**	372,094	**198,245**	228,190
Long-term portion of loans and borrowings	**125,725**	242,894	**62,168**	157,195
Current portion repayable in one year and shown under current liabilities	**201,706**	122,568	**136,077**	70,995
Overdraft balances	**7,870**	6,632	**—**	—
Short-term portion	**209,576**	129,200	**136,077**	70,995
Interest payable	**10,552**	15,583	**9,359**	15,195
Financial liabilities (short term)	**220,128**	144,783	**145,436**	86,190

(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 three 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. This loan was repaid during the year.

(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 ten years at an all-in annual interest rate of 7% for part financing or refinancing the construction cost of the power plants at the Company's factories under the Power and Aviation Intervention Fund. The loan has a moratorium of twelve 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.

(c) Commercial paper with a face value of ₦50 billion and nominal discount rate of 12.40% – 12.65% was issued in June 2018. Another tranche of ₦50 billion with similar nominal discount was issued in August 2018.

Notes to the consolidated and separate financial statements
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25. Financial liabilities continued

	Currency	Nominal interest rate	Maturity on demand	Group 31/12/18 ₦'million	Group 31/12/17 ₦'million
Bank overdrafts			On demand	**7,870**	6,632
Other borrowings					
Subordinated loans from parent company	Naira	MPR + 1%	12/2018	**–**	29,998
Other loans from parent company	Naira	13%	2020	**56,956**	129,597
Loan from Bulk Commodities Inc.	USD	6%-8%	On demand and 2021	**17,765**	16,159
Commercial paper	Naira	12.40%–12.65%	2019	**79,273**	–
Loans from Dangote Oil & Gas	Naira	6.5%	2019	**42,776**	39,262
Power intervention loan	Naira	7%	07 and 12/2021	**7,838**	10,225
Short-term bank loans	USD	6.5%	2019	**62,593**	37,125
Long-term bank loans	CFA	8.50%	07/2021	**24,974**	54,002
Nedbank/Standard Bank Loan	Rands	JIBAR + 4%	11/2022	**35,256**	49,094
				327,431	365,462
Total borrowings at 31st December				**335,301**	372,094

	Currency	Nominal interest rate	Maturity on demand	Company 31/12/18 ₦'million	Company 31/12/17 ₦'million
Subordinated loans	Naira	MPR + 1%	12/2018	**–**	29,998
Loans from parent company	Naira	13%	2020	**56,956**	129,597
Loan from Bulk Commodities Inc.	USD	6%	On demand	**1,184**	1,093
Loans from Dangote Oil & Gas	Naira	6.5%	2019	**42,776**	39,262
Power intervention loan	Naira	7%	07 and 12/2021	**7,838**	10,225
Commercial paper	Naira	12.40%–12.65%	2019	**79,273**	–
Short-term loans from banks	USD	6.5%	2019	**10,218**	18,015
Total borrowings at 31st December				**198,245**	228,190

The maturity profiles of borrowings are as follows:

	Group 31/12/18 ₦'million	Group 31/12/17 ₦'million	Company 31/12/18 ₦'million	Company 31/12/17 ₦'million
Due within one month	**8,446**	11,199	**406**	406
Due from one to three months	**5,044**	4,886	**250**	2,750
Due from three to twelve months	**196,086**	113,115	**135,421**	67,839
Total current portion repayable in one year	**209,576**	129,200	**136,077**	70,995
Due in the second year	**83,993**	163,518	**59,581**	142,223
Due in the third year	**25,114**	37,484	**2,311**	12,623
Due in the fourth year	**12,274**	25,395	**276**	2,186
Due in the fifth year and further	**4,344**	16,497	**–**	163
Total long-term portion of loans and borrowings	**125,725**	242,894	**62,168**	157,195
Total	**335,301**	372,094	**198,245**	228,190

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25. Financial liabilities continued

The table below details changes in the liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Group				
	01/01/18 ₦'million	Financing cash flows ₦'million	Exchange gains/(losses) ₦'million	Others ₦'million	**31/12/18 ₦'million**
Subordinated loans	29,998	(29,998)	—	—	**—**
Loans from Dangote Industries Limited	129,597	(72,496)	(145)	—	**56,956**
Bulk Commodities loans	16,159	1,098	508	—	**17,765**
Loans from Dangote Oil & Gas	39,262	3,338	176	—	**42,776**
Power intervention loan	10,225	(2,377)	—	(10)	**7,838**
Commercial papers	—	79,273	—	—	**79,273**
Bank loans	140,221	(11,185)	(6,213)	—	**122,823**
	365,462	(32,347)	(5,674)	(10)	**327,431**

	Company				
	01/01/18 ₦'million	Financing cash flows ₦'million	Exchange gains/(losses) ₦'million	Others ₦'million	**31/12/18 ₦'million**
Subordinated loans	29,998	(29,998)	—	—	**—**
Loans from Dangote Industries Limited	129,597	(72,496)	(145)	—	**56,956**
Bulk Commodities loans	1,093	—	91	—	**1,184**
Loans from Dangote Oil & Gas	39,262	3,338	176	—	**42,776**
Power intervention loan	10,225	(2,377)	—	(10)	**7,838**
Commercial papers	—	79,273	—	—	**79,273**
Bank loans	18,015	(7,857)	60	—	**10,218**
	228,190	(30,117)	182	(10)	**198,245**

	Group				
	01/01/17 ₦'million	Financing cash flows ₦'million	Exchange gains/(losses) ₦'million	Others ₦'million	31/12/17 ₦'million
Subordinated loans	29,998	—	—	—	29,998
Loans from Dangote Industries Limited	46,097	83,500	—	—	129,597
Bulk Commodities loans	9,794	5,841	524	—	16,159
Loans from Dangote Petroleum Refinery and Petrochemicals FZE	130,000	(130,000)	—	—	—
Power intervention loan	12,496	(2,625)	—	354	10,225
Bank loans	121,788	5,961	12,472	—	140,221
Loans from Dangote Oil & Gas	—	39,914	(652)	—	39,262
	350,173	2,591	12,344	354	365,462

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25. Financial liabilities continued

	Company				
	01/01/17 ₦'million	Financing cash flows ₦'million	Exchange gains/(losses) ₦'million	Others ₦'million	31/12/17 ₦'million
Subordinated loans	29,998	—	—	—	29,998
Loans from Dangote Industries Limited	46,097	83,500	—	—	129,597
Bulk Commodities loans	1,004	—	89	—	1,093
Loans from Dangote Petroleum Refinery and Petrochemicals FZE	130,000	(130,000)	—	—	—
Power intervention loan	12,496	(2,625)	—	354	10,225
Bank loans	42,683	(24,743)	75	—	18,015
Loans from Dangote Oil & Gas	—	39,914	(652)	—	39,262
	262,278	(33,954)	(488)	354	228,190

26. Deferred revenue and other liabilities

26.1. Deferred revenue

	Group		Company	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Deferred revenue arising from government grant (refer to (a) below)	**741**	1,147	**355**	629
	741	1,147	**355**	629
Current (note 26.2)	**225**	308	**199**	274
Non-current	**516**	839	**156**	355
	741	1,147	**355**	629

a) The deferred revenue mainly arises as a result of the benefit received from government loans received in 2011 and 2012 (see note 25 (b)). The revenue was recorded in other income line.

Movement in deferred revenue

	Group		Company	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Balance at 1st January	**1,147**	1,446	**629**	975
Additions during the year	**—**	77	**—**	—
	1,147	1,523	**629**	975
Released to profit and loss account (other income)	**(306)**	(376)	**(274)**	(346)
Effect of foreign exchange differences	**(100)**	—	**—**	—
Closing balance	**741**	1,147	**355**	629

Notes to the consolidated and separate financial statements

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26.2 Other current liabilities

	Group		Company	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Current portion of deferred revenue (note 26.1)	**225**	308	**199**	274
Related-party transactions				
Parent company	**—**	8,133	**—**	8,133
Entities controlled by the parent company	**17,644**	12,741	**10,529**	9,346
Affiliates and associates of parent company	**17,316**	19,889	**14,219**	15,083
Payables to subsidiaries	**—**	—	**12,889**	18,406
Total of related-party transactions	**34,960**	40,763	**37,637**	50,968
Other current liabilities	**35,185**	41,071	**37,836**	51,242

27. Provisions for liabilities and other charges

	Group		Company	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Restoration cost	**2,753**	3,416	**1,310**	2,073
	2,753	3,416	**1,310**	2,073

	Group					
	2018			2017		
	Restoration ₦'million	**Others ₦'million**	**Total ₦'million**	Restoration ₦'million	Others ₦'million	Total ₦'million
Balance at the beginning of the year	**3,416**	**—**	**3,416**	3,344	—	3,344
Effect of foreign exchange differences	**(168)**	**—**	**(168)**	153	—	153
Provisions made during the year	**(313)**	**—**	**(313)**	(691)	—	(691)
Transfer to short term	**(442)**	**—**	**(442)**	—	—	—
Unwinding of discount	**260**	**—**	**260**	610	—	610
Balance at the end of the year	**2,753**	**—**	**2,753**	3,416	—	3,416

	Company					
	2018			2017		
	Restoration ₦'million	**Others ₦'million**	**Total ₦'million**	Restoration ₦'million	Others ₦'million	Total ₦'million
Balance at the beginning of the year	**2,073**	**—**	**2,073**	2,302	—	2,302
Provisions made during the year	**(1,016)**	**—**	**(1,016)**	(839)	—	(839)
Unwinding of discount	**253**	**—**	**253**	610	—	610
Balance at the end of the year	**1,310**	**—**	**1,310**	2,073	—	2,073

The Group's obligations are to settle environmental restoration and dismantling/decommissioning cost of property, plant and equipment when the Group has a legal or constructive obligation to do so. The expenditure is expected to be utilised at the end of the useful lives for the mines which is currently estimated to be between the years 2025 and 2035.

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28. Employee benefits
28.1 Defined contribution plans

	Group		Company	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Balance at beginning of the year	**266**	211	**8**	41
Provision for the year	**2,117**	2,707	**1,075**	1,826
Payments during the year	**(1,922)**	(2,652)	**(1,076)**	(1,859)
Balance at the end of the year	**461**	266	**7**	8

Provisions for staff pensions have been made in the financial statements in accordance with the relevant pension rules applicable in the country. The accrual at 31st December 2018 amounted to ₦461 million (2017: ₦266 million) for the Group.

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

The total expense recognised in profit or loss of ₦2.12 billion (2017: ₦2.71 billion) represents contributions payable to these plans by the Group at rates specified in the rules of the plans.

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 25 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	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Net debt	**168,405**	203,707	**89,265**	125,722
Equity	**986,613**	781,360	**1,293,548**	991,017

The Finance committee reviews the capital structure of the Group on a quarterly 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 debt to equity 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 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 at 31st December 2018 is 17% (2017: 26%).

29.1.1 Debt to equity ratio

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

	Group		Company	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Financial debt (note 25)	**335,301**	372,094	**198,245**	228,190
Cash and bank balances (note 31.1)	**166,896**	168,387	**108,980**	102,468
Net debt	**168,405**	203,707	**89,265**	125,722
Equity	**986,613**	781,360	**1,293,548**	991,017
Net debt/equity ratio	**0.17**	0.26	**0.07**	0.13

Notes to the consolidated and separate financial statements
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29. Financial instruments continued
29.2 Categories of financial instruments

	Group				
31/12/18	Amortised cost ₦'million	FVTOCI ₦'million	Total financial ₦'million	Non-financial ₦'million	Total ₦'million
Assets					
Property, plant and equipment	–	–	–	1,171,864	1,171,864
Intangible assets	–	–	–	5,969	5,969
Investment in associate	–	–	–	4,312	4,312
Finance lease receivables	8,855	–	8,855	–	8,855
Deferred tax asset	–	–	–	40,622	40,622
Prepayments for property, plant and equipment	–	–	–	36,383	36,383
Inventories	–	–	–	106,998	106,998
Trade and other receivables	44,468	–	44,468	–	44,468
Prepayments and other current assets	66,013	–	66,013	35,870	101,883
Current income tax receivables	–	–	–	6,213	6,213
Cash and bank balances	166,896	–	166,896	–	166,896
Total financial assets	286,232	–	286,232	1,408,231	1,694,463
Liabilities					
Trade and other payables	195,145	–	195,145	35,825	230,970
Current income tax payable	–	–	–	9,223	9,223
Financial liabilities	345,853	–	345,853	–	345,853
Other current liabilities	34,960	–	34,960	225	35,185
Deferred tax liabilities	–	–	–	83,350	83,350
Long-term provisions and other charges	–	–	–	2,753	2,753
Deferred revenue	–	–	–	516	516
Total financial liabilities	575,958	–	575,958	131,892	707,850

Notes to the consolidated and separate financial statements
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29. Financial instruments continued
29.2 Categories of financial instruments continued

	Group				
31/12/17	Amortised cost ₦'million	FVTOCI ₦'million	Total financial ₦'million	Non-financial ₦'million	Total ₦'million
Assets					
Property, plant and equipment	—	—	—	1,192,140	1,192,140
Intangible assets	—	—	—	6,355	6,355
Investment in associate	—	—	—	3,749	3,749
Finance lease receivables	8,222	—	8,222	—	8,222
Deferred tax asset	—	—	—	30,625	30,625
Prepayments for property, plant and equipment	—	—	—	16,101	16,101
Inventories	—	—	—	94,594	94,594
Trade and other receivables	30,155	—	30,155	—	30,155
Prepayments and other current assets	75,743	—	75,743	39,753	115,496
Current income tax receivables	—	—	—	59	59
Cash and bank balances	168,387	—	168,387	—	168,387
Total financial assets	282,507	—	282,507	1,383,376	1,665,883
Liabilities					
Trade and other payables	231,298	—	231,298	39,423	270,721
Current income tax payable	—	—	—	63,901	63,901
Financial liabilities	387,677	—	387,677	—	387,677
Other current liabilities	40,763	—	40,763	308	41,071
Deferred tax liabilities	—	—	—	116,898	116,898
Long-term provisions and other charges	—	—	—	3,416	3,416
Deferred revenue	—	—	—	839	839
Total financial liabilities	659,738	—	659,738	224,785	884,523

Notes to the consolidated and separate financial statements
For the year ended 31st December 2018

29. Financial instruments continued
29.2 Categories of financial instruments continued

	Company				
31/12/18	Amortised cost ₦'million	FVTOCI ₦'million	Total financial ₦'million	Non-financial ₦'million	Total ₦'million
Assets					
Property, plant and equipment	–	–	–	535,934	535,934
Intangible assets	–	–	–	48	48
Investments in subsidiaries	–	–	–	162,071	162,071
Investment in associate	–	–	–	1,582	1,582
Finance lease receivables	8,855	–	8,855	–	8,855
Deferred tax asset	–	–	–	14,561	14,561
Other receivables	560,277	–	560,277	–	560,277
Inventories	–	–	–	59,820	59,820
Trade and other receivables	11,046	–	11,046	–	11,046
Prepayments and other current assets	230,324	–	230,324	22,265	252,589
Current income tax receivables	–	–	–	6,211	6,211
Cash and bank balances	108,980	–	108,980	–	108,980
Total financial assets	919,482	–	919,482	802,492	1,721,974
Liabilities					
Trade and other payables	73,315	–	73,315	19,564	92,879
Current income tax payable	–	–	–	8,608	8,608
Financial liabilities	207,604	–	207,604	–	207,604
Other current liabilities	37,637	–	37,637	199	37,836
Deferred tax liabilities	–	–	–	80,033	80,033
Long-term provisions and other charges	–	–	–	1,310	1,310
Deferred revenue	–	–	–	156	156
Total financial liabilities	318,556	–	318,556	109,870	428,426

Notes to the consolidated and separate financial statements
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29. Financial Instruments continued
29.2 Categories of financial instruments continued

	Company				
31/12/17	Amortised cost ₦'million	FVTOCI ₦'million	Total financial ₦'million	Non-financial ₦'million	Total ₦'million
Assets					
Property, plant and equipment	—	—	—	549,962	549,962
Intangible assets	—	—	—	37	37
Investments in subsidiaries	—	—	—	161,957	161,957
Investment in associate	—	—	—	1,582	1,582
Finance lease receivables	8,222	—	8,222	—	8,222
Deferred tax asset	—	—	—	6,674	6,674
Prepayments for property, plant and equipment	—	—	—	1,600	1,600
Other receivables	455,792	—	455,792	—	455,792
Inventories	—	—	—	62,259	62,259
Trade and other receivables	12,340	—	12,340	—	12,340
Prepayments and other current assets	230,103	—	230,103	18,091	248,194
Cash and bank balances	102,468	—	102,468	—	102,468
Total financial assets	808,925	—	808,925	802,162	1,611,087
Liabilities					
Trade and other payables	124,154	—	124,154	18,583	142,737
Current income tax payable	—	—	—	63,787	63,787
Financial liabilities	243,385	—	243,385	—	243,385
Other current liabilities	50,968	—	50,968	274	51,242
Deferred tax liabilities	—	—	—	116,491	116,491
Long-term provisions and other charges	—	—	—	2,073	2,073
Deferred revenue	—	—	—	355	355
Total financial liabilities	418,507	—	418,507	201,563	620,070

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 29.7.2).

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29. Financial instruments continued
29.5 Foreign currency risk management
The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Income is primarily earned in local currency for most of the locations with a significant portion of capital expenditure being in foreign currency. The Group manages foreign currency by monitoring our financial position in each country where 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 year are as follows:

	Group			
	Liabilities		Assets	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
US Dollars	**269,921**	197,867	**35,580**	20,753

	Company			
	Liabilities		Assets	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
US Dollars	**214,311**	163,725	**740,079**	575,654

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% (2017: 15%) increase and decrease in the Naira against the US Dollar. 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	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Effect on profit or loss/equity for a 15% (2017: 15%) appreciation	**24,606**	18,597	**(55,206)**	(43,253)
Effect on profit or loss/equity for a 15% (2017: 15%) depreciation	**(24,606)**	(18,597)	**55,206**	43,253

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 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.

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 creditworthiness which is performed on an ongoing 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. Ongoing 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.

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29. Financial instruments continued
29.6 Credit risk management continued
29.6.1 Exposure to credit risk

The tables below detail the credit quality of the Group's financial assets as well as the Group's maximum exposure to credit risk by credit risk rating grades.

		Group					
31/12/18	Notes	**External credit rating**	**Internal rating**	**12 months or lifetime ECL**	**Gross carrying amount ₦'million**	**Allowance ₦'million**	**Net carrying amount ₦'million**
Finance lease receivables	21	**N/A**	**ii**	**Lifetime ECL**	**8,855**	**—**	**8,855**
Trade and other receivables	20	**N/A**	**ii**	**Lifetime ECL**	**45,814**	**(1,346)**	**44,468**
Prepayments and other current assets	18.2	**N/A**	**Performing**	**Lifetime ECL**	**66,013**	**—**	**66,013**
Cash and bank balances	31.1	**i**	**i**	**i**	**166,896**	**—**	**166,896**
Total					**287,578**	**(1,346)**	**286,232**

		Group					
31/12/17	Notes	External credit rating	Internal rating	12 months or lifetime ECL	Gross carrying amount ₦'million	Allowance ₦'million	Net carrying amount ₦'million
Finance lease receivables	21	N/A	ii	Lifetime ECL	8,222	—	8,222
Trade and other receivables	20	N/A	ii	Lifetime ECL	30,800	(645)	30,155
Prepayments and other current assets	18.2	N/A	Performing	Lifetime ECL	75,743	—	75,743
Cash and bank balances	31.1	i	i	i	168,387	—	168,387
Total					283,152	(645)	282,507

		Company					
31/12/18	Notes	**External credit rating**	**Internal rating**	**12 months or lifetime ECL**	**Gross carrying amount ₦'million**	**Allowance ₦'million**	**Net carrying amount ₦'million**
Finance lease receivables	21	**N/A**	**ii**	**Lifetime ECL**	**8,855**	**—**	**8,855**
Other receivables	30	**N/A**	**ii**	**Lifetime ECL**	**560,277**	**—**	**560,277**
Trade and other receivables	20	**N/A**	**ii**	**Lifetime ECL**	**12,318**	**(1,272)**	**11,046**
Prepayments and other current assets	18.2	**N/A**	**Performing**	**Lifetime ECL**	**230,324**	**—**	**230,324**
Cash and bank balances	31.1	**i**	**i**	**i**	**108,980**	**—**	**108,980**
Total					**920,754**	**(1,272)**	**919,482**

		Company					
31/12/17	Notes	External credit rating	Internal rating	12 months or lifetime ECL	Gross carrying amount ₦'million	Allowance ₦'million	Net carrying amount ₦'million
Finance lease receivables	21	N/A	ii	Lifetime ECL	8,222	—	8,222
Other receivables	30	N/A	ii	Lifetime ECL	455,792	—	455,792
Trade and other receivables	20	N/A	ii	Lifetime ECL	12,956	(616)	12,340
Prepayments and other current assets	18.2	N/A	Performing	Lifetime ECL	230,103	—	230,103
Cash and bank balances	31.1	i	i	i	102,468	—	102,468
Total					809,541	(616)	808,925

(i) All bank balances are assessed to have low credit risk at each reporting date as they are held with reputable banking institutions with good credit ratings by rating agencies.

(ii) For finance leases and trade receivables, the simplified approach to measure the loss allowance at lifetime ECL has been applied.

Notes to the consolidated and separate financial statements
For the year ended 31st December 2018

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

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

	Group			
	<1 month ₦'million	1– 3 months ₦'million	3 months–1 year ₦'million	>1 year ₦'million
As at 31st December 2018				
Trade payables and other payables	**177,485**	**—**	**17,660**	**—**
Financial liabilities	**19,839**	**7,006**	**213,634**	**138,501**
Other current liabilities	**34,960**	**—**	**—**	**—**
Total	**232,284**	**7,006**	**231,294**	**138,501**

	Group			
	<1 month ₦'million	1– 3 months ₦'million	3 months–1 year ₦'million	>1 year ₦'million
As at 31st December 2017				
Trade payables and other payables	189,806	—	41,492	—
Financial liabilities	27,340	6,576	119,227	251,915
Other current liabilities	40,763	—	—	—
Total	257,909	6,576	160,719	251,915

	Company			
	<1 month ₦'million	1– 3 months ₦'million	3 months–1 year ₦'million	>1 year ₦'million
As at 31st December 2018				
Trade payables and other payables	**69,792**	**—**	**3,523**	**—**
Financial debts	**9,810**	**288**	**145,536**	**62,400**
Other current liabilities	**37,637**	**—**	**—**	**—**
Total	**117,239**	**288**	**149,059**	**62,400**

	Company			
	<1 month ₦'million	1– 3 months ₦'million	3 months–1 year ₦'million	>1 year ₦'million
As at 31st December 2017				
Trade payables and other payables	100,817	—	23,337	—
Financial liabilities	15,662	3,540	70,391	159,583
Other current liabilities	50,968	—	—	—
Total	167,447	3,540	93,728	159,583

Notes to the consolidated and separate financial statements
For the year ended 31st December 2018

29. Financial instruments continued
29.7 Liquidity risk management continued
29.7.2 Interest Risk
The following table details the sensitivity to a 1% (2017: 1%) increase or decrease in interest rates.

	Group		Company	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Effect on profit or loss/equity for a 1% (2017: 1%) increase in rate	**(978)**	(349)	**2,224**	1,902
Effect on profit or loss/equity for a 1% (2017: 1%) decrease in rate	**978**	349	**(2,224)**	(1,902)

29.7.3 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 and other payables approximate their fair values because of the short-term nature of these instruments and, for trade and other receivables, because of the fact that any loss from recoverability is reflected in an impairment loss. The fair 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, sell to and buy 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	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Parent company	**—**	—	**—**	—
Entities controlled by the parent company	**19,990**	9,288	**90,709**	66,438
Affiliates and associates of the parent company	**462**	—	**58,599**	61,438

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

	Sale of goods		Purchases of goods	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Parent company	**—**	—	**—**	—
Entities controlled by the parent company	**19,036**	6,669	**85,865**	62,678
Affiliates and associates of the parent company	**—**	—	**4,242**	11,528

In addition to sales and purchases of goods, the Company charged interest amounting to ₦29.9 billion (2017: ₦29.4 billion) on loans granted to subsidiaries. This interest is eliminated on consolidation.

Also during the year, the parent company charged the Group a total interest of ₦12.5 billion (2017: ₦22.3 billion), being the cost of borrowing to finance capital projects and other operational expenses.

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

Notes to the consolidated and separate financial statements

For the year ended 31st December 2018

30. Related-party transactions continued

30.1 Trading transactions continued

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

	Group			
	Amounts owed by related parties		Amounts owed to related parties	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Current				
Parent company	**524**	—	**—**	8,133
Entities controlled by the parent company	**65,481**	75,733	**17,644**	12,741
Affiliates and associates of the parent company	**—**	—	**17,316**	19,889
	66,005	75,733	**34,960**	40,763

	Company			
	Amounts owed by related parties		Amounts owed to related parties	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Non-current				
Entities controlled by the Company	**560,277**	455,792	**—**	—

The above balances represent 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	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Current				
Parent company	**524**	—	**—**	8,133
Entities controlled by the parent company	**61,627**	72,706	**10,529**	9,346
Affiliates and associates of the parent company	**—**	—	**14,219**	15,083
Subsidiaries of the Company	**168,173**	157,397	**12,889**	18,406
	230,324	230,103	**37,637**	50,968

30.2 Loans from related parties

	Group		Company	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Affiliates and associates of the parent company	**17,765**	16,159	**1,184**	1,093
Entities controlled by the parent company	**42,776**	39,262	**42,776**	39,262
Loans from the parent company	**56,956**	159,595	**56,956**	159,595

Notes to the consolidated and separate financial statements
For the year ended 31st December 2018

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	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Short-term benefits	**1,116**	1,071	**1,116**	1,062
Provision for staff pension benefits	**—**	—	**—**	—
	1,116	1,071	**1,116**	1,062

30. Related-party transactions continued
Other related-party transactions

In addition to the above, Dangote Industries Limited performed certain administrative services for the Company, for which a management fee of ₦3.63 billion (2017: ₦3.85 billion) was charged and paid, being an allocation of costs incurred by relevant administrative departments.

31. Supplemental cash flow disclosures
31.1 Cash and cash equivalents

	Group		Company	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Cash and bank balances	**94,704**	82,297	**46,810**	30,141
Short-term deposits	**72,192**	86,090	**62,170**	72,327
Total cash and bank balances	**166,896**	168,387	**108,980**	102,468
Bank overdrafts used for cash management purposes	**(7,870)**	(6,632)	**—**	—
Cash and cash equivalents	**159,026**	161,755	**108,980**	102,468

Cash and cash equivalents includes restricted cash of ₦22.03billion (2017: ₦46.6 billion) on letters of credit for the acquisition of inventories and property, plant and equipment.

32. Operating lease arrangements
Operating leases relate to leases of depots, offices and land. 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	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Minimum lease payments	**1,622**	1,752	**603**	634

Non-cancellable operating lease commitments

	Group		Company	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Not later than one year	**1,777**	1,539	**562**	432
Later than one year and not later than five years	**4,191**	3,943	**336**	113
Later than five years	**16,307**	15,910	**—**	—
	22,275	21,392	**898**	545

Notes to the consolidated and separate financial statements
continued
For the year ended 31st December 2018

33. Commitments for expenditure

	Group		Company	
	31/12/18 ₦'million	31/12/17 ₦'million	**31/12/18 ₦'million**	31/12/17 ₦'million
Commitments for the acquisition of property, plant and equipment	**96,156**	105,599	**47,001**	12,248

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 ₦67.2 billion (2017: ₦16.3 billion). According to the solicitors acting on behalf of the Company and its subsidiaries, the liabilities arising, if any, are not likely to be significant.

35. Subsequent events
On 25th February 2019 a dividend of ₦16.00 per share was proposed by the Directors for approval at the Annual General Meeting. This will result in a dividend payment of ₦272.6 billion.

Five-year financial summary – other national disclosure
Group balance sheet

	2018 ₦'million	2017 ₦'million	2016 ₦'million	2015 ₦'million	2014 ₦'million
Assets/liabilities					
Property, plant and equipment	**1,171,864**	1,192,140	1,155,711	917,212	747,794
Intangible assets	**5,969**	6,355	4,145	2,610	3,699
Investments	**4,312**	3,749	1,582	1,582	—
Prepayments for property, plant and equipment	**36,383**	16,101	13,196	9,094	79,491
Finance lease receivables	**6,475**	6,614	—	—	—
Net current liabilities	**(66,668)**	(110,177)	(222,629)	(36,932)	(95,846)
Deferred taxation assets/(liabilities)	**(42,728)**	(86,273)	(51,856)	(35,876)	(3,840)
Long-term debts	**(125,725)**	(242,894)	(152,475)	(208,329)	(131,942)
Long-term payables	**—**	—	(17,730)	(24,442)	—
Staff gratuity	**—**	—	—	(3,992)	(2,070)
Other non-current liabilities	**(3,269)**	(4,255)	(4,416)	(4,258)	(5,401)
Net assets	**986,613**	781,360	725,528	616,669	591,885
Capital and reserves					
Share capital	**8,520**	8,520	8,520	8,520	8,520
Share premium	**42,430**	42,430	42,430	42,430	42,430
Capital contribution	**2,877**	2,877	2,877	2,877	2,877
Employee benefit reserve	**—**	—	—	(1,007)	(16)
Currency translation reserve	**72,605**	75,441	78,964	(22,366)	(3,837)
Revenue reserve	**848,695**	639,462	605,662	592,450	537,750
Non-controlling interest	**11,486**	12,630	(12,925)	(6,235)	4,161
	986,613	781,360	725,528	616,669	591,885
Turnover, profit or loss account					
Turnover	**901,213**	805,582	615,103	491,725	391,639
Profit before taxation	**300,806**	289,590	180,929	188,294	184,689
Taxation	**89,519**	(85,342)	(38,071)	(35,022)	(25,188)
Profit after taxation	**390,325**	204,248	142,858	153,272	159,501
Per share data (Naira):					
Earnings (basic and diluted)	**22.83**	11.65	8.78	9.21	9.42
Net assets	**57.90**	45.85	42.58	36.19	34.73

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

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

Five-year financial summary – other national disclosure
Company balance sheet

	31/12/18 ₦'million	31/12/17 ₦'million	31/12/16 ₦'million	31/12/15 ₦'million	31/12/14 ₦'million
Assets/(liabilities)					
Property, plant and equipment	**535,934**	549,962	569,017	577,017	526,722
Intangible assets	**48**	37	113	385	682
Investments	**163,653**	163,539	80,255	27,657	26,075
Receivables from subsidiaries	**715,561**	594,783	601,871	383,845	273,229
Prepayments for property, plant and equipment	**—**	1,600	—	—	1,773
Finance lease receivables	**6,475**	6,614	—	—	—
Net current liabilities	**983**	(56,078)	(210,171)	(30,214)	(87,944)
Deferred taxation liabilities	**(65,472)**	(109,817)	(70,741)	(36,981)	(6,096)
Long-term debts	**(62,168)**	(157,195)	(86,182)	(181,384)	(95,435)
Long-term payables	**—**	—	—	(24,442)	—
Staff gratuity	**—**	—	—	(3,992)	(2,070)
Other non-current liabilities	**(1,466)**	(2,428)	(2,931)	(1,594)	(1,685)
Net assets	**1,293,548**	991,017	881,231	710,297	635,251
Capital and reserves					
Share capital	**8,520**	8,520	8,520	8,520	8,520
Share premium	**42,430**	42,430	42,430	42,430	42,430
Capital contribution	**2,828**	2,828	2,828	2,828	2,828
Employee benefit reserve	**—**	—	—	(1,007)	(16)
Revenue reserve	**1,239,770**	937,239	827,453	657,526	581,489
	1,293,548	991,017	881,231	710,297	635,251
Turnover, profit or loss account					
Turnover	**618,301**	552,364	426,129	389,215	371,534
Profit before taxation	**392,223**	342,153	355,016	212,416	209,119
Taxation	**89,233**	(87,523)	(48,765)	(34,136)	(26,596)
Profit after taxation	**481,456**	254,630	306,251	178,280	182,523
Per share data (Naira):					
Earnings (basic and diluted)	**28.25**	14.94	17.97	10.46	10.71
Net assets	**75.91**	58.16	51.71	41.68	37.28

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

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

Statement of value added – other national disclosure

	Group				Company			
	2018 ₦'million	**%**	2017 ₦'million	%	**2018 ₦'million**	**%**	2017 ₦'million	%
Sales	**901,213**		805,582		**618,301**		552,364	
Finance income	**11,323**		35,926		**79,378**		71,286	
Other income	**10,222**		5,213		**3,783**		3,386	
	922,758		846,721		**701,462**		627,036	
Bought-in materials and services:								
– Imported	**(178,831)**		(89,060)		**(78,566)**		(59,699)	
– Local	**(239,859)**		(281,461)		**(123,686)**		(117,428)	
Value added	**504,068**	**100**	476,200	100	**499,210**	**100**	449,909	100
Applied as follows:								
To pay employees:								
Salaries, wages and other benefits	**57,281**	**12**	49,960	10	**32,613**	**7**	28,762	6
To pay government:								
Current taxation	**(43,401)**	**(9)**	49,061	10	**(44,888)**	**(9)**	48,447	11
Deferred taxation	**(46,118)**	**(9)**	36,281	8	**(44,345)**	**(9)**	39,076	9
To pay providers of capital:								
Finance charges	**49,778**	**10**	52,711	11	**22,565**	**5**	35,035	8
To provide for maintenance of fixed assets:								
– Depreciation	**95,578**	**19**	83,377	18	**51,793**	**10**	43,862	10
– Amortisation	**625**	**—**	562	—	**16**	**—**	97	—
Retained in the Group:								
– Non-controlling interest	**1,342**	**—**	5,663	1	**—**	**—**	—	—
– Profit and loss account	**388,983**	**77**	198,585	42	**481,456**	**96**	254,630	56
	504,068	**100**	476,200	100	**499,210**	**100**	449,909	100

Value added represents the additional wealth which the Group and Company have been able to create by their own and their employees' efforts. The statement shows the allocation of that wealth to employees, government and providers of finance, and that retained for future creation of more wealth.