

NIGERIA

2016 ANNUAL REPORT & ACCOUNTS  
LAFARGE AFRICA PLC

# Building Together with Communities



A member of  
**LafargeHolcim**

 **LAFARGE**  
Building better cities™





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01



A member of  
LafargeHolcim

# Profile Presentation



## Shared **Values**

Health & Safety is an overarching value, embedded in everything we do.

<b>C</b>	<b>Customer</b>
<b>R</b>	<b>Results</b>
<b>I</b>	<b>Integrity</b>
<b>S</b>	<b>Sustainability</b>
<b>P</b>	<b>People, Openness and Inclusion</b>





## LafargeHolcim - the strength of a new leader

LafargeHolcim is the leading global building materials and solutions company serving masons, builders, architects and engineers all over the world. Group operations produce cement, aggregates and ready-mix concrete which are used in building projects ranging from affordable housing and small, local projects to the biggest, most technically and architecturally challenging infrastructure projects.

As urbanisation increasingly impacts people and the planet, the Group provides innovative products and building solutions with a clear commitment to social and environmental sustainability. With leading positions in all regions, LafargeHolcim employs around 90,000 employees in more than 80 countries and has a portfolio that is equally balanced between developing and mature markets.


# Key Facts & Figures about LafargeHolcim



**LafargeHolcim**

**A new leader for a new world**

**FOUNDED IN 2015**  
following the merger of Lafarge and Holcim



**353.3 MT INSTALLED CAPACITY WORLDWIDE**

**OVER 2,300 PLANTS**  
Including over 1,400 in ready mix concrete, over 600 in aggregates, over 200 in cement, and grinding plants



**90,000 EMPLOYEES**



**CEO ERIC OLSEN**

**CHF 26.9 BILLION IN NET SALES**



**OUR PRODUCTS, SOLUTIONS AND SERVICES**  
Cement, concrete, aggregates and asphalt for the following businesses

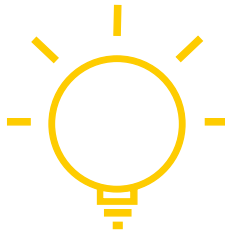




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### We are local everywhere

Balanced presence in 80 countries  
Leadership positions in each of the world's regions,  
especially emerging markets



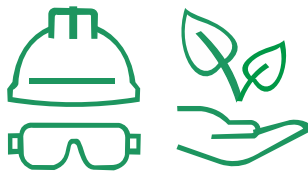
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### We innovate for our customers

Anticipate and meet customers' many evolving needs with solutions driven by efficiency, reliability, and cost. Capacity to fulfill current and future requirements; prepared to innovate, to adapt existing practices, and to challenge the status quo.

Customized solutions and sectoral offerings that address individual, professional, and industrial end-users' needs for highly technical and sustainable applications with the widest range of solutions, products, services, and specific offers.

The industry's largest research and development center in the world, with a network of development laboratories in key regions.



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### We set new health and safety and sustainability standards

Innovative sustainable cement, concrete, and aggregates products to help customers improve their buildings' energy efficiency and increase materials recycling.

Solutions for long-term reductions in CO2 emissions per ton of cement in our manufacturing processes (innovative production techniques, alternative energy sources, waste management programs, preservation of water resources, etc.).

The "zero harm to people" principle. We give priority to health and safety and to the reduction of lost-time incidents for our employees, contractors, and stakeholders.



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### We bring our global strength to the local level with a unique business model

New, less capital-intensive approach to investment. With our world footprint, there is no need for large acquisitions; we will be able to selectively invest in the most promising markets.

The capacity to disseminate best practices (consistency, quality, and innovation of our cement, concrete, and aggregates solutions) over a larger number of countries.

Significant scale savings through procurement (bags, spare parts, chemicals, insurance, etc.) and critical size for waste management and alternative fuels.



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### We ensure people can bring their best

90,000 employees with unparalleled opportunities in our industry.

The best professionals of our sector, in all our fields: operations, management, support functions, etc.

A safe, healthy, caring and inclusive workplace, open to a diversity of ideas, values, and experiences.

Strong values: integrity, excellence, trust, and innovation.



## Lafarge Africa Plc – A Leader in Sub-Saharan Africa

Lafarge Africa Plc is one of the over 80 locations in which LafargeHolcim is present, with headquarters in Lagos, Nigeria. A publicly quoted company on the Nigerian Stock Exchange (NSE), Lafarge Africa serves Nigeria and South Africa with a wide range of solutions designed to meet all building and construction needs from small projects like individual home buildings to major construction projects.

Combining our operations in Nigeria - 4.5MMT in WAPCO (with three plants in Ogun State), 1MMT in Ashaka plant (Gombe State), 5MMT in United Cement Company of Nigeria Limited (Cross River State) and a terminal in Atlas Cement Company Limited (Rivers State) and operations in South Africa with 3.6MMT capacity - Lafarge Africa has a current installed cement capacity of 14.1MMT, which is expected to grow to 18MMT by 2020. This is in addition to strong market leading positions in aggregates, ready-mix concrete and fly ash.

### LAFARGE AFRICA PLC'S OPERATIONS NIGERIA

#### South West Operations

Our South West Operations has three plants- one in Sagamu and two in Ewekoro, all in Ogun State with a current production capacity of 4.5MMT. The product portfolio includes five brands: Elephant Cement, a general purpose cement - a multi-use product suitable for majority of the applications; Supaset, a fast-setting and rapid strength gaining cement specifically





designed for the needs of the block-makers; Powermax, a high strength cement for the sophisticated contractor segment; Etex, a high performance cement designed to the customer's specification for tile manufacturing and SRC, a Sulphate Resistant Cement for coastal construction.

Within the 55 years of its existence, this business has acquired strategic visible presence in the business environment while building an enduring legacy on the nation's landscape. In recent times, the business implemented a Transformational Project that has improved its operational efficiencies.

It is the first cement business unit in Nigeria to offer palletized cement bags by installation of an automatic palletizer and stretch hooding machine. It has also developed and implemented a new commercial strategy focused on channel restructuring.

### Southern Nigeria Operations

The Mfamosing plant, a modern production facility was inaugurated in 2009 with an annual production capacity of 2.5MMT. After acquiring the assets of moribund Calabar Cement Company (CalCemCo), a Greenfield cement manufacturing plant was constructed at Mfamosing, 40km north-east of Calabar, Cross River State in 2002.

In 2012, we expanded our product portfolio and currently offer customers two cement products catering for general purpose and specialized applications. To meet the increasing demand for its products, an additional manufacturing line with a production capacity of 2.5MMT has been constructed. The Plant, which was completed in 2016, has doubled the Company's production capacity to 5MMT per annum thereby consolidating its position as the leading cement company in Nigeria's South-South and South- East regions.

Also, our Southern Nigeria Operation covers another cement terminal, Atlas Company Limited, commissioned for operation in 2001 in Rivers State within the Federal Ocean Terminal, Onne. The plant was operated on a floating vessel, which had a nominal capacity to produce 500,000 metric tons of cement per annum.

In line with the Federal Government's policy of backward integration, the Company is gradually changing the business concept of this plant, moving away from being a conventional supplier of Ordinary Portland Cement to include championing of cementitious strategy, providing cement solutions to the Oil and Gas sector of the economy, distribution of Lafarge Africa products in the markets and being a hub for the readymix operations in South-South and South-East. It has an important portfolio of customers developed over the years, brings on board international trading experience and the potential to be an export hub.



### Northern Nigeria operations

At Ashaka, Gombe State is our cement manufacturing operation focused on providing creative and qualitative solutions to meet the needs of stakeholders. We have been participating in the economic growth and development of North-East in particular and Nigeria as a whole for over three decades. We are proud of our commercial expertise, efficiency, technical skills and achieved good results through conducting our business with unwavering commitment to our customers, employees, shareholders and communities.

AshakaCem Plc was incorporated in August 1974 and commenced production in 1979 under the name Ashaka Cement Company Limited. The company was initiated by the Nigerian Industrial Development Bank Limited, the Nigerian Bank for Commerce and Industry, Northern Nigeria Investment Limited and the Government of the then North- Eastern State (now Adamawa, Bauchi, Borno, Gombe, Taraba and Yobe States). Today, AshakaCemPlc is a subsidiary of Lafarge Africa Plc.

Lafarge Africa has plans to grow the cement production capacity in Ashaka and has recently performed a groundbreaking ceremony for our new line. A clear demonstration of commitment to this is the ongoing Coal Power Plant Project.

As a Company, we are committed to a strategy of profitable growth and value creation for our customers and other stakeholders by being a preferred supplier of cement in Nigeria, particularly in Northern Nigeria.

### SOUTH AFRICA

Lafarge South Africa Holdings (Pty) Limited (LSAH) LSAH is a holding company through which Lafarge S.A. holds interests in several South African entities. LSAH is a leading building materials platform with significant scale and a balanced portfolio of assets across cement, aggregates, ready-mix concrete (RMC) and pulverized fly ash (collectively referred to

as sub segments). LSAH's subsidiaries are strategically located, with exposure to key economic centers including the provinces of Limpopo, Mpumalanga, North West, Free State and KwaZulu-Natal. Through its subsidiaries, LSAH has market leading positions in all the sub-segments. LSAH controls the third largest cement manufacturer in South Africa, with the largest cement production plant in a single location in South Africa and current total installed capacity of 3.6MT per annum.

Lafarge Africa currently owns 100% of LSAH, which represents an indirect average holding of 72.40% in the underlying principal operating companies in South Africa, including Lafarge Industries South Africa, Lafarge Mining South Africa and Ash Resources. In line with the objectives of the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003) the remaining shares in Lafarge Industries South Africa and Lafarge Mining South Africa are (or will be) held by the employees of these companies and Sinako Holdings (one of LSAH's Black Economic Empowerment Partners) and in the case of Ash Resources by its employees and Peotona Group Holdings (one of LSAH's Black Economic Empowerment Partners).

### AGGREGATES & CONCRETE

In Nigeria, Lafarge Africa Plc enjoys the first mover advantage in the concrete sector of the industry with 8 production sites and plans to have an additional 5 plants operational by the end of 2017. The Company also has ambitious plans for its aggregates business towards delivering top end solutions to Nigerians.

In South Africa, Lafarge Africa Plc's aggregates and concrete business is the industry leader.

### Lafarge Readymix

Lafarge Readymix Nigeria Limited, a wholly owned subsidiary of Lafarge Africa Plc, is a market leader in quality concrete solutions, having begun operations in September 2011.

Leveraging on the Group's 50 years of experience in the readymix business, Lafarge Africa Plc through its Readymix business is producing quality and innovative concrete and aggregates solutions from various locations in Nigeria. Readymix operates currently in Lagos, Abuja and Port-Harcourt, Ewekoro and will spread to other states of Nigeria in the near future.

Lafarge Readymix Nigeria has a clear strategy as a project enabler, driving quality and innovation as well as promoting a sustainable environment for generations to come. We will achieve this by working closely with our valued customers and partners.

#### Readymix South Africa

Through LSAH, Lafarge Africa Plc owns one of the three largest national aggregates producers in South Africa, operating a total of 21 aggregates quarries across 6 provinces. In the Ready-mix segment LSAH

owns one of two national operators, with 53 Ready-mix plants and 6 Ready-mix mobile plants, which have combined capacity in excess of 3million m3. Ash Resources comprises an estimated "run of station" production capacity of c.4.1mtpa, by far the largest in South Africa.





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# Lafarge Africa Plc Your needs, our Solutions





## Lafarge Africa Plc **Products & Innovative Solutions**

Lafarge Africa is home to a number of formidable brands with impeccable standard and quality that have served the Nigerian & South African markets for decades with power, maturity, resilience, durability and reliability. Designed using the best technology, our products are engineered for projects that have and will continue to stand the test of time.

Some notable landmarks in Nigeria include the National Assembly Complex, Abuja; Federal Secretariat, Abuja; Third Mainland Bridge, Lagos; MKO Abiola Gardens, Lagos; Cocoa House, Ibadan; Premier Hotel, Ibadan; Zaranda Hotel, Bauchi; 8.6km Jimeta Bridge, Yola; 23 Story building Bank of North Headquarters, Kano; Emir's Palace, Gombe; APTI American University, Yola; Tinapa Business and Leisure Resort, Calabar; Akwa Ibom International Stadium, Uyo; Calabar International Conference Center, University of Nigeria Nsukka, Enugu Campus; Shoprite Mall, Enugu; Enugu State Government Secretariat; Enugu State Government House



**Elephant**  
Portland Limestone Cement



The Elephant brand has helped to build that edifice, brought that monumental project to life, created that serene atmosphere and positively impacted the lives of Nigerians socio-economically.

- Nigeria's preferred cement of all time
- Over 55 years with impeccable pedigree
- Annual Nigeria Industrial Standards (NIS) Certificate for product quality from the Standards Organisation of Nigeria (SON) for over 2 decades .



Elephant Supaset combines three key value propositions of Early Setting, Early Strength and the unique Latter Strength which is a distinguished quality of our flagship, Elephant Cement, which has been known over the years.

Superior quality, fast-setting solution brand of Elephant Cement

- Strength that block makers desire

## POWERMAX

Premium Technical Cement



Powermax is a premium technical cement product, which is suitable for large construction projects.

- Preferred premium technical cement for large projects
- Excellent strength and performance at all ages
- Versatile with enhanced durability benefits
- Available in bulk and jumbo bags



Ashaka Cement is a Nigerian Industry Standard Certified product based on Portland cement specification, and widely used in Northern Nigeria.

- Designed for sustainability
- Industry standard certified
- Widely used in Northern Nigeria for over three decades



### Atlas Classic Cement



Since 2001, Atlas Classic Cement has consistently delivered on its value proposition, providing solution with power, maturity, resilience, durability and reliability. Atlas Classic Cement, the signature brand of Lafarge Africa Plc. Is produced and bagged in Onne for customers in Eastern Nigeria. The brand conforms in all aspect to NIS and BS/12/1991 standards.



### Portland Limestone Cement



UniCem manufactures Portland Cement for general applications, civil and structural works.

Characterized by high quality, fast setting properties, and excellent strength performance, UniCem solutions are in conformity with the Nigerian Industrial Standard and are the first choice in Nigeria's South-East.



Readymix quality check

## Readymix

- Lafarge Africa's commitment to innovation
- Mixed to project specifications and delivered to site
- Services all sectors of the local industry



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# Corporate Governance



# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT the 58th Annual General Meeting of LAFARGE AFRICA PLC will hold at Zinna Hall, Eko Hotels & Suites, Plot 1415 Adetokunbo Ademola Street, Victoria Island, Lagos, Nigeria on Wednesday 7th June, 2017 at 11 a. m to transact the following business:**

## AGENDA

### Ordinary Business

1. To lay the Audited Financial Statements for the year ended 31st December 2016, the reports of the Directors, External Auditors and Audit Committee thereon.
2. To declare a dividend.
3. To re-elect the following Directors:
  - a) Ms. Sylvie Rochier
  - b) Mr. Adebode Adefioye
  - c) Mrs. Elenda Ohirenuwa Giwa-Amu
  - d) Dr. Shamsudeen Usman, CON, OFR
  - e) Mrs. Adenike Ogunlesi
4. To authorize the Directors to fix the remuneration of the External Auditors.
5. To elect members of the Audit Committee.

### SPECIAL BUSINESS

6. To fix the remuneration of the Directors.

#### Ordinary Resolutions:

7. THAT the borrowing limit of the Directors shall be, and remain, extended from twice the nominal amount of the paid up share capital and reserves of the Company as set out in Articles 89 and 90 of the Articles of Association, for a period which shall not exceed 31st December, 2018;
8. THAT the Directors be and are hereby authorised to liquidate or dissolve Egyptian Cement Holdings B.V. ("ECH") and Nigerian Cement Holdings B.V. ("NCH") as appropriate and transfer all the assets, liabilities and undertakings of ECH and NCH to the Company;
9. To consider and if thought fit, pass the following sub-joined resolutions as ordinary resolutions of the Company:
  - i. THAT, subject to obtaining the approval of the relevant regulatory authorities, the Directors be and are hereby authorised to raise capital of up to the sum of ₦140,000,000,000 (One Hundred and Forty Billion Naira) by way of a Rights Issue of ordinary shares to its shareholders ("Rights Issue") at such price, time and on such other terms as the directors may deem fit;
  - ii. THAT the Directors be and hereby authorised to apply any convertible loan, shareholder loan or any other loan facility due to any person, from the Company, as may be agreed by the person and the Company, towards payment for any shares subscribed for by such person under the Rights Issue;
10. THAT the Directors be authorised to approve, sign and/or execute all documents, appoint such professional parties and advisers, as may be necessary to give effect to the above resolutions, including without limitation, complying with the directives of any regulatory authority.
11. THAT all acts carried out by the Directors and Management of the Company in connection with the above be and are hereby ratified.
12. THAT the Directors be authorised to perform other acts, take other steps, or do all such other things, as may be necessary for or incidental to, or as they deem appropriate to, giving effect to

the spirit and intendments of the above resolutions;

**Special Resolutions:**

13. THAT article 82 of the Articles of Association of the Company be and is hereby amended by deleting the word “seventeen” and replacing it with the word “eleven” and the article shall read as follows;

“Until otherwise determined by a special resolution of the Company, the number of directors shall not be less than four or more than eleven”

14. THAT article 32 of the Articles of Association of the Company be and is hereby amended to read as follows:

“A copy of the signed Balance Sheet and the Profit and Loss account together with a copy of the Directors' Report, the Auditors' Report, the Audit Committee's and every other document required by law to be annexed thereto, as well as Notices and Circulars which shall either be in printed or compact disk or other electronic format shall be sent to every Member of the Company, every debenture holder of whose address the Company is aware and other persons entitled to them by law and shall be published on the Company's website at least 21 days before the meeting at which the same are to be laid before the Members of the Company”.

**NOTES:**

**1. PROXY**

A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company. A proxy form is attached in this Annual Report. For the instrument of proxy to be valid for the purpose of the meeting it must be completed, duly stamped by the Commissioner of Stamp Duties in accordance with the Stamp Duties Act (Cap S8 Laws of the Federation of Nigeria 2004) and deposited at the Office of the Registrar of the Company, Cardinal Stone

Registrars Limited (formerly City Securities Limited) located at 358, Herbert Macaulay Road, Yaba, Lagos, not later than 48 hours before the time for holding the meeting.

**2. DIVIDEND WARRANT**

If the dividend recommended by the Directors is approved by members at the Annual General Meeting, the dividend warrants will be posted on the 7th day of June 2017, to members whose names appear in the Register of members at the close of business on the 22nd of May 2017.

**3. CLOSURE OF REGISTER**

The Register of Members and Transfer Books of the Company will be closed from 23rd to 29th May 2017 (both dates inclusive) for the purpose of payment of dividend.

**4. AUDIT COMMITTEE**

In accordance with section 359(5) of the Companies and Allied Matters Act, (Cap C20, Laws of the Federation of Nigeria, 2004), any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the Annual General Meeting. The Securities & Exchange Commission's Code of Corporate Governance for Public Companies has indicated that members of the Audit Committee should have basic financial literacy and should be able to read Financial Statements. We therefore request that nominations be accompanied by a copy of the nominee's curriculum vitae.

**5. UNCLAIMED DIVIDEND**

Shareholders are hereby informed that a number of share certificates and dividend warrants have been returned to the Registrars as “unclaimed”. The list of all unclaimed dividend will be circulated with the Annual Report and Financial Statements. Any member affected by this notice is advised to write to or call the Office of the Company's Registrar, Cardinal Stone Registrars Limited (formerly City Securities Limited), Lagos, during normal working hours. The list of unclaimed dividend can be accessed via the Company's website: [www.lafarge.com.ng](http://www.lafarge.com.ng).



## 6. E-DIVIDEND

Notice is hereby given to all shareholders to open bank accounts, stockbroking accounts and CSCS accounts for the purpose of dividend. Detachable application forms for e-dividend is attached to the Annual Report to enable all shareholders furnish particulars of their accounts to the Registrars as soon as possible. We request our Shareholders to use the e-dividend payment portal that will serve as an on-line verification and communication medium for e-dividend mandate processing through the new E-Dividend Mandate Management System jointly introduced by the Central Bank of Nigeria, Securities and Exchange Commission, Nigeria Inter-Bank Settlement Systems PLC and the Institute of Capital Market Registrars. The letter from Cardinal Stone Registrars Limited explaining the new initiative is attached to the Annual Report and Accounts.

## 7. RIGHT TO ASK QUESTIONS

In line with Rule 19.12, The Rule Book of The Exchange, 2015, Part II, Issuers' Rules, Shareholders of the Company, have the right to ask questions not only at the Annual General Meeting but also in writing prior to the meeting; written questions must be submitted to Company Secretary, at least, 48 hours days before the Annual General Meeting at No. 27B Gerrard Road, Ikoyi, Lagos State, Nigeria or by email at [shareholder@lafargeafrica.com](mailto:shareholder@lafargeafrica.com).

8. The profile of Directors for election/re-election or approval can be accessed via the Company's website: [www.lafarge.com.ng](http://www.lafarge.com.ng)

## BY ORDER OF THE BOARD



**UZOMA UJA (MS.)**  
FRC/2012/NBA/00000001645  
Company Secretary

Dated this 3<sup>rd</sup> May 2017  
REGISTERED OFFICE  
27B Gerrard Road,  
Ikoyi, Lagos



# Directors' and Statutory Information

## DIRECTORS

Mr. Mobolaji Balogun	Chairman
Mr. Guillaume Roux	Vice Chairman
Mr. Michel Puchercos	Group Managing Director/CEO
Mr. Anders Kristiansson	Chief Financial Officer (CFO) (resigned w.e.f 30/09/2016)
Mrs. Adepeju Adebajo	MD, Geocycle & Project Mgt Office (resigned w.e.f 20/03/2017)
Mr. Jean-Christophe Barbant	Director
Mr. Joe Hudson	Director
Mrs. Oludewa Edodo-Thorpe	Director
Dr. Adebayo Jimoh	Director
Ms. Sylvie Rochier	Director
Mr. Adebode Adefioye	Director
Mr. Jean-Carlos Angulo	Director
Mr. Thierry Metro	Director
Alhaji Umaru Kwairanga	Director
Dr. Shamsuddeen Usman CON, OFR	Director
Mrs. Elenda Ohirenuwa Giwa-Amu	Director
Mrs. Adenike Ogunlesi	Director

## COMPANY SECRETARY

Uzoma Uja (Ms.)

## EXTERNAL AUDITORS

Ernst & Young

## REGISTERED OFFICE

27B, Gerrard Road  
Ikoyi,  
Lagos State

## BANKERS

Access Bank Plc  
CitiBank Nigeria Limited  
Diamond Bank Plc  
First Bank of Nigeria Limited  
Guaranty Trust Bank Plc  
Standard Chartered Bank Plc  
Stanbic IBTC Bank Limited  
Wema Bank Plc  
Zenith Bank Plc

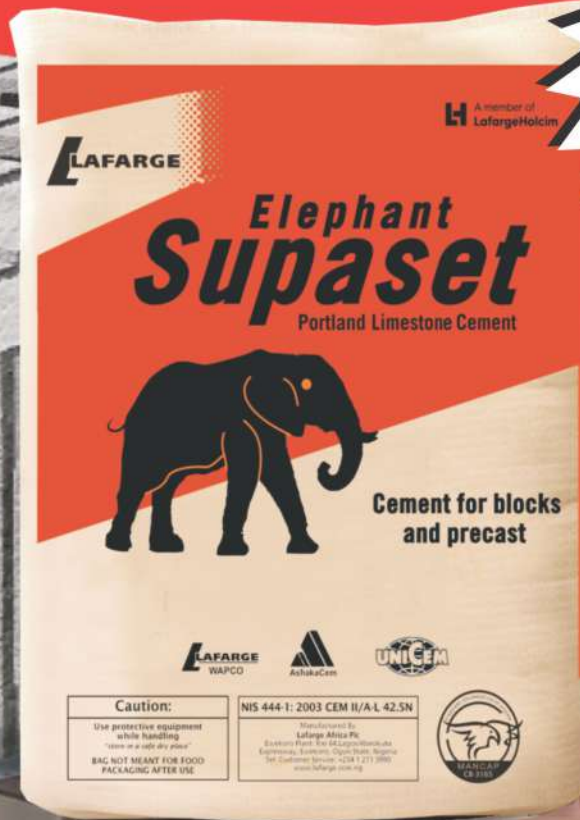
## REGISTRAR

Cardinal Stone (Registrars) Limited  
(formerly City Securities (Registrars) Limited)  
358, Herbert Macaulay Road,  
Yaba, Lagos.

# ELEPHANT SUPASET

High early strength cement for blocks and precast

• SUPA BLOCKS  
• SUPA STRONG  
• SUPA TIME



...solid blocks in record time, rain or shine.



LAFARGE AFRICA PLC  
Customer Care Line: 01-2713990  
Customerservice.ng@lafarge.com  
www.lafarge.com.ng



# Financial Highlights

For the year ended 31st December, 2016

*in thousands of naira***Revenue**

219,714,112 2016

267,234,239 2015

-18%

**Proposed dividend**

5,754,771 2016

14,904,233 2015

-61%

**Profit before tax**

(22,818,718) 2016

29,286,847 2015

-178%

**Per Share data (kobo)****Earnings - Basic (k)**

315 2016

574 2015

-45%

**Taxation**

39,717,499 2016

(2,123,878) 2015

-1970%

**Earnings - Diluted (k)**

315 2016

574 2015

-45%

**Profit after tax**

16,898,781 2016

27,162,969 2015

-38%

**Dividend (k)**

105 2016

300 2015

-65%

**Minority Interest**

302,786 2016

(1,634,106) 2015

-119%

**Dividend cover (times)**

3 2016

2 2015

57%

**Retained profit**

102,842,886 2016

100,992,758 2015

2%

**Retained profit**

102,842,886 2016

100,992,758 2015

2%

**Share capital**

2,740,367 2016

2,277,451 2015

20%

**Net assets (k)**

4,542 2016

3,867 2015

17%

**Shareholders' fund**

248,952,548 2016

176,151,730 2015

41%

**Number of employees**

4,500 2016

3,786 2015

18.9%

# Mobolaji Balogun

Chairman



# Chairman's Statement

Fellow Shareholders, distinguished ladies and gentlemen, I am delighted to welcome you on behalf of the Board of Directors to the 58th Annual General Meeting of our Company, Lafarge Africa Plc and to lay before you the Annual Report and Accounts of the Company for the financial year ended 31st December, 2016.

In February 2017, the Board of Directors and Management of Lafarge Africa hosted Eric Olsen, Group Chief Executive Officer of LafargeHolcim to a 4 day working visit to Nigeria. The visit afforded the Board and Management, an opportunity to reiterate the long term potential of the Nigerian economy, emphasizing why Nigeria ought to remain in focus within the near and medium term investments plans of LafargeHolcim. It also afforded us the opportunity to demonstrate the achievements of the Nigerian team in a challenging economic environment. Since then and regrettably, Eric Olsen has announced his departure from LafargeHolcim effective July 2017. We consider him a friend of Nigeria and he has been supportive of our operations, from his time as a member of the Executive Committee of Lafarge S.A. We wish Eric well and notwithstanding his departure, the commitment of LafargeHolcim, to our operations and further investments, remain intact.

You may recall, the transformational journey of your Company which began with the consolidation into Lafarge Africa of all of Lafarge S.A's equity interests in Nigeria and South Africa in 2014. During 2016, we acquired the further 50% equity in United Cement Company Nigeria Limited ("Unicem"), we did not already own. The acquisition was completed through the issuance of Lafarge Africa shares as consideration, further to the approval of shareholders in 2014. Unicem's production facilities located in Mfamosing, Calabar in Cross Rivers State, bring unique benefits to Lafarge Africa's capacity and footprint in Nigeria

as it provides an opportunity to increase our share of the cement market in the South East and South South regions of Nigeria. The additional production capacity of 2.5 million tonnes per annum was completed in record time and to budget, bringing the total annual production capacity of the plant to 5 million metric tonnes. The new plant commissioned in Q1 2017, has begun to impact positively on the financial results of the Company.

The acquisition of 100% equity ownership in Unicem meant that we inherited the foreign currency debts which were primarily utilized for the erection of the additional capacity. This debt exposed the Company to significant currency translation loss following the over 40% devaluation of the Naira against the US Dollar in June 2016. With the support of LafargeHolcim, we took some short-term remedial action in the third quarter of 2016, to ensure that the Company was shielded from the impact of any further currency devaluation. A key benefit which Unicem brings to Lafarge Africa, is the substantial unutilized tax benefits it holds. The merger of Unicem into Lafarge Africa, will ensure that these benefits are fully utilized by the Company.

## PROPOSED RIGHTS ISSUE AND FOREIGN CURRENCY HEDGE

The Rights Issue that is being presented today to Shareholders for your approval, represents an important step in resolving our foreign currency exposure and its impact on our earnings. You may be aware that the Company has not raised equity since 2005, with all our investments financed with internally generated funds



and debt provided by the majority shareholder, other lenders and bondholders. In addition to reducing our debt, the Rights Issue to raise up to ₦140 billion provides all of our shareholders the opportunity to increase their investment in the Company. The recapitalisation is positive and our largest shareholder, LafargeHolcim have committed to subscribing to their rights in full through a conversion of existing shareholder loans. This investment is a strong indication of the Group's continued belief in the Nigeria story. It is the largest Rights Issue and the largest investment in a listed company by an investor. It reduces our foreign currency exposure by approximately half, improves our cash flow and positions the Company for our future capacity expansion plans. I urge all of our shareholders, to support this resolution and subsequently, by following and taking up their rights. If our entire foreign currency exposure were to be resolved through the Rights Issue, its size will be inordinately large such that subscription levels by minorities may be low. We therefore decided that approximately 50% of our foreign currency debt will be repaid and to minimize further translation losses, we hedged \$300 million, with Non-Deliverable Futures contracts entered into with the Central Bank of Nigeria.

#### **DISSOLUTION OF EGYPTIAN CEMENT HOLDINGS B.V (“ECH”) & NIGERIAN CEMENT HOLDINGS B.V (“NCH”)**

Lafarge Africa acquired 100% of Unicem through its acquisition of ECH and NCH, two Netherlands BV entities. ECH owns NCH 100% and NCH owns Unicem 100%. This multi-layer structure created by Unicem's former owners, is not tax efficient for Lafarge Africa and accordingly, the Board of Directors has proposed that these two offshore entities, be dissolved in order to ensure that Lafarge Africa owns Unicem, directly.

#### **BUSINESS ENVIRONMENT**

##### **Nigeria Operations**

The successful 2015 election brought hope for the transformation of the economy but this was short-lived with the global drop in crude oil prices from the peak of \$114 per barrel in June 2014 to \$37 per barrel by the end of December 2015. This placed significant strain on government revenue and consequently its expenditure, which is a critical driver of activity in the construction sector. With the reduction in government revenue from crude oil, US Dollar supply by the Central Bank of Nigeria

to the economy was also constrained and the consequent devaluation of the Naira and spike in inflation, threw the economy into a recession. Overall domestic demand for cement in 2016 estimated at 22.6 million metric tonnes was flat compared with 2015 and a far cry from the circa 8.5% CAGR, in the five years to 2015. While there is still much to be done to stimulate a recovery and rein-in price inflation, the economy has thankfully, begun to show signs of recovery.

##### **South African Operations**

Economic growth in South Africa in 2016 was subdued with GDP growth at just 0.4%. Consequently, the cement market in South Africa at 12.6 million metric tonnes, experienced little growth over 2015 with selling prices still under pressure. The pressure on prices resulted from over supply and during 2016, the Government of South Africa has taken steps to limit dumping by exporters into the country by increasing cement import duties. In addition, the South African Government's commitment to increase spending on infrastructure over the next 3 years, portend hope of a resurgence in the demand for cement.

#### **RESULTS FOR THE YEAR**

Cement dispatches fell by 15.8% and in jostling for market share, cement selling prices came under pressure until the impact of the price reduction and devaluation began to impact the overall health of the sector. Turnover at ₦219.7 billion for the year was down on 2015 by 17.8%. Owing to the steps taken by the Board and Management in Q3, 2016, the impact of the devaluation on the loss before tax for the year was reduced to ₦22.8 billion from the ₦28 billion posted at the end of H1. The loss before tax for the year was therefore ₦22.8 billion compared with a profit of ₦29.3 billion in 2015. However, with the benefit of the ₦39.7 billion deferred tax assets from Unicem, the year ended with a profit after tax of ₦16.9 billion, down 38% on 2015.

#### **PROPOSED DIVIDEND**

The economic environment we were confronted with in 2016 and the exceptional items which contributed to reduced profit after tax, meant that a decision not to pay a dividend would not have been unreasonable. However, your Board of Directors felt the need to reward the support of all of our shareholders over the years and have therefore resolved to propose to shareholders at this meeting a dividend payment of ₦1.05 per share. The proposed dividend if approved by shareholders, is payable on 7th June, 2017 and represents 34.7% of net income after taxation.

## SUSTAINABLE DEVELOPMENT

Our Corporate Responsibility report detailing our key activities during the year under review is set out on page 46 - 54 of the Annual Report and Accounts. Sustainability is integral to our operations with a focus on our 2030 Plan which aligns with the United Nations Sustainable Development Goals. Our 2030 Plan helps us to run our business operations with a focus on positive contributions to the four key pillars of Climate, Circular Economy, Water and Nature, as well as People and Communities. Some of our sustainable development initiatives cut across, reducing of CO2 emissions, improving and providing better quality building solutions, continuing our progress on Health and Safety performance, corporate governance, alternative fuels, gender diversity, affordable housing, development of in-house talent and contributing to long-term social and economic development of Nigeria.

As part of our social investments, I would again like to highlight Lafarge Africa's National Literacy Competition. Since inception in 2014, this national CSR initiative continues to make concrete impact. The education of our children must be a major priority for us all and Lafarge Africa continues to take a leadership role in this area. As this initiative now covers all regions of the country, it is encouraging to see the enthusiasm and development which this competition brings to our children. Your Company also continues to be mindful of its partnership with host communities where our production facilities are situated. The majority of our corporate Investments were committed to various community development projects on Education, Youth and Economic Empowerment, Health and Safety, as well as Infrastructure development.

## SALE OF ELEPHANT CEMENT HOUSE

In 1992, when the Elephant Cement House ("ECH") was completed and your Company moved its head office from Ikorodu Road, Ilupeju to Alausa, Ikeja, it was a landmark fit for purpose Head Office. In the more than two decades since, improvements in technology, made it easy and cheaper to move several functions back to plants, where they are more effective in supporting cement production activities. This freed up significant space at ECH such that less than one-third of the lettable area was occupied by the Company with the remaining two thirds of the lettable area leased to over 40 tenants. The increasing cost of maintenance and managing security and other issues

made continued ownership of ECH uneconomic. Furthermore, the building did not encourage collaborative working and support our critical commitment to health and safety.

You may recall that after we moved out of ECH, we commenced a detailed review process in 2014, which led to a recommendation of options. After a valuation and further review process, we have received a number of proposals on the building. In the last quarter of 2016, the Board accepted the proposal from the Lagos State Government and entered into a sale agreement. The Board has approved that the proceeds of the sale of ECH be utilized for the construction or acquisition of a fit for purpose Head Office. A project team has been put together to determine our needs, examine our options and report to the Board of Directors. We expect to reach a decision and commit to a new Head Office in 2017.

## BOARD

In 2016, apart from ensuring delivery of a solid financial performance, your Board focused on refining the Company's strategy for growth, involving detailed reviews to cover market and pricing, fuel flexibility, logistics, route-to-market, manufacturing, operating and financing costs, risks, build our brands, talent development, diversity and succession plans. The Board will continue to measure progress in 2017. The Board believes our clear and focused strategy, together with a highly motivated management, premium products and strong financial discipline, means that we are well positioned to realize sustainable, long-term growth.

Our internal Board evaluation in 2016 robustly challenged all aspects of the Board including the performance of myself, each Director, Board Committees and the Board as a whole. I am pleased to report that your Board continues to function well and is very clear and focused on its priorities. A strong governance framework is essential to support the long-term sustainable growth of the business.

Anders Kristiansson, Finance Director, left the Board in September 2016 to take on a new role within LafargeHolcim. We also announced the resignation of Adepeju Adebajo from the Board. Peju served the Company in a variety of executive roles as Managing Director, Wapco Operations, Managing Director, Cement and also Managing Director, Geocycle. We value her capacity, network of relationships and the quality of her contributions to the Board and indeed the progress of the

Company. On behalf of the Board, I thank Anders and Peju for their contributions to our success and their service to the company.

During the consolidation of the Nigerian and South African businesses into Lafarge Africa, it became imperative to expand the size of the Board of Directors to increase diversity and accommodate new interests. As we complete the core phase of the agenda set in 2014, it is important to right-size the Board of Directors, while still providing for diversity and breadth of experience. Accordingly, the Board of Directors has resolved to propose to shareholders at today's meeting an amendment to Article 82 of the Articles of Association of the Company to limit the size of the Board from 17 to 11. I wish to thank my fellow Directors for their selflessness and focus on the key objectives and opportunities that are ahead of the Company.

In accordance with our Articles of Association, the Directors to retire by rotation at the Annual General Meeting and who being eligible, now offer themselves for re-election are Ms. Sylvie Rochier, Mr. Adebode Adefioye, Mrs. Elenda Ohirenuwa Giwa-Amu, Dr. Shamsudeen Usman CON, OFR and Mrs. Adenike Ogunlesi.

## FUTURE OUTLOOK

Our turn-around plan launched at the beginning of Q3 2016, is already impacting positively on the financial results for 2017. The plan resolves around achieving high reliability across our production facilities, increasing the use of alternative fuel (biomass) and locally sourced coal as a way to mitigate disruption of production by gas supply shortages and the impact of devaluation on cost of gas. We have increased local sourcing of critical materials to lower foreign exchange component of our operational costs. Finally, we are working on a new route to market initiative and improvements in logistics with increased vehicle turn-around and size of fleet of third party providers.

The Economic Recovery and Growth Plan recently launched by the Federal Government portends exciting opportunities for the construction and the building materials sectors of the economy, as the key thrust of the plan is to speed up the much needed investments in infrastructure and job creation. The implementation of the plan will boost domestic consumption of cement and consequently increase capacity utilization for producers.

The Government's commitment to push forward its affordable housing agenda and bridge the 16million housing deficit, further provides cause for optimism in respect of cement consumption.

## CONCLUSION

On behalf of the Board, I would like to express my appreciation to all our stakeholders particularly our management and staff who were fundamental to the delivery of 2016's results. On behalf of the Board, I would like to thank all of our people for remaining committed in a challenging economic environment. Our key partners namely our distributors, customers, transporters, suppliers, bondholders, banks and other service providers also deserve our appreciation for their support during 2016.

I thank all our Shareholders for their support and encouragement as we have worked to build a more robust Company for the good of all our stakeholders. Our largest shareholder, LafargeHolcim continue to provide substantial commercial and technical support to our operations, for which we remain grateful. Finally, I thank my colleagues on the Board for their selfless service to the Company and our Shareholders. Their insight and commitment has continued to guide the Company through this challenging time. We have a business that is increasingly better prepared for a challenging economic environment and we see many opportunities to grow our business further and accelerate on our objectives.

Distinguished Shareholders, my colleagues on the Board, ladies and gentlemen, once again I welcome you to the 58th AGM of your Company and invite you to actively participate in the agenda of the meeting.

Thank you.



**Mobolaji Balogun**  
Chairman, Board of Directors  
Lafarge Africa Plc



# Corporate Governance Report

## 1. INTRODUCTION

The Company applies high standards of corporate governance, with the goal of ensuring the Company's long-term value and success for all stakeholder groups: customers, shareholders, employees, creditors, suppliers and the communities in which we operate.

The Company's corporate governance policies particularly seek to ensure:

- Transparent and sustainable value creation by clearly delineating responsibilities, management processes and organization
- Continuous monitoring of the Board of Directors' performance and efficiency
- Appropriate decision-making relating to policy principles and controls
- Entrenching of the five core values of the Company which are improved customer relations, results, integrity, sustainability and people development.

## 2. CORPORATE GOVERNANCE STRUCTURE

Lafarge Africa Plc has progressively strengthened the governance processes and systems evidenced through constant improvisations, sustainability initiatives, profitable growth, continued success, achievement of excellence in its business operations and creation of long-term value for all its stakeholders.

The Company's existing practices and policies based on Fairness, Accountability, Disclosures and Transparency are significantly in conformity with global best practices having benchmarked with internationally effective internal control systems.

The Corporate Governance principles and practices are further strengthened with the adherence to the LafargeHolcim Code of Business Conduct, which articulates the values, ethics and business principles and it serves as the ethical road map for the Company, its directors, employees and stakeholders, supplemented with an appropriate mechanism to report any concerns pertaining to non-adherence to the said Code of Business Conduct.

The Company remains in full compliance with its Memorandum and Articles of Association, the Companies and Allied Matters Act (Cap C20 Laws of the Federation of Nigeria, 2004), rules of the Nigerian Stock Exchange, the

Securities and Exchange Commission (SEC), International Best Practices and other regulations.

During the year 2016, Lafarge Africa Plc complied largely with the provisions of the Securities and Exchange Commission Code of Corporate Governance for Public Companies 2011 together with the requirements of the corporate governance standards listed above.

## 3. THE BOARD COMPOSITION AND ITS COMMITTEES

The Board has overall responsibility for ensuring that the Company is appropriately managed and achieves its strategic objectives.

In accordance with the SEC Code that the Board should be of a sufficient size relative to the scale and complexity of the Company's operations and the Company's Articles of Association which provides that the Company's Board shall consist of not more than Seventeen Directors. In 2016, the Board comprised mostly of Seventeen (17) Directors: Fourteen (14) Non-Executives and Three (3) Executives subject to changes in its composition as the year progressed, such changes would be detailed below.

The composition of the Board is a mix of Executives and Non-Executive Directors, headed by a Chairman, all bringing high level of competencies and experience, with enviable records of achievement in their respective fields.

The position of the Group Managing Director and the Chairman are held by separate persons.

## 4. ROLE OF THE BOARD

The Board meets regularly to consider the matters reserved for it, set broad policies for the Company's business and operations and ensures that a professional relationship is maintained with the Company's auditors in order to promote transparency in financial and non-financial reporting.

The role of the Board is highlighted as follows:

- To review and align goals, major plans of action, annual budget and business plans with the overall strategy of the Company;
- To set performance objectives; monitor implementation and corporate performance and oversee major capital expenditure in line with approved budget;

- To ensure the integrity of the Company's accounting and financial reporting systems and that appropriate systems are in place for monitoring risk, financial control and compliance with the laws.
- Through the establishment of the Board Committees, to make recommendations and take decisions on issues of expenditure that may arise outside the normal meeting schedule of the full Board.
- Ratify duly approved recommendations and decisions of the Board Committees.
- The Board has supervisory responsibility for overall budgetary planning, major treasury planning, scientific and commercial strategies. The Board is responsible for satisfying itself that planning procedures and the Company's overall objectives are appropriate.
- Periodic and regular review of actual business performance relative to established objectives.
- Review and approve internal controls and risk management policies and processes.
- Performance appraisal and compensation of Board members, succession planning and appointment, training, remuneration and replacement of Board members and senior executives.

## 5. BOARD CHANGES

Mr. Anders Kristiansson, an Executive Director and the Chief Financial Officer of the Company, received another appointment within the LafargeHolcim Group and resigned his position as a Director of Lafarge Africa Plc and as Chief Financial Officer.

Mrs. Adepeju Adebajo, a Director and the Managing Director Geocycle and Project Management Office (PMO), was appointed as the Commissioner of Agriculture and also resigned her position as a Director of Lafarge Africa Plc and as the Managing Director Geocycle and PMO.

## 6. RETIREMENT BY ROTATION

In accordance with Articles 97 to 99 of the Articles of Association of the Company, the Directors to retire by rotation are Ms. Sylvie Rochier, Mr. Adebode Adefioye, Mrs. Elenda Osima-Dokubo, Dr. Shamsudeen Usman, CON, OFR and Mrs. Adenike Ogunlesi which being eligible, offer themselves for re-election.

Their performances in the Director's evaluation conducted for the year 2016 were satisfactory.

The profile of the retiring Directors can be found on page 35 of the Annual Report

## 7. RECORD OF DIRECTORS' ATTENDANCE

In accordance with Section 258(2) of the Companies and Allied Matters Act (Cap. C20 Laws of the Federation of Nigeria 2004), the record of Director's attendance and meetings held during the year 2016 are available for inspection at the venue of the Annual General Meeting.

The meetings of the Board were presided over by the Chairman and the Board met six (6) times during the year. Written notices of Board meetings, along with the agenda and other Management Reports were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded by the Company Secretary, circulated and approved at subsequent Board Meetings.

## 8. BOARD MEETINGS

The Board held 6 meetings during the 2016 financial year. The following table shows membership and the attendance of Directors at the Board meetings in the 2016 financial year:

S/ N	Name	Designation	Status	16/	12/	27/	19/	26/	15/	Total
1.	Mr. Mobolaji Balogun	Chairman	Non-Executive Director	✓	✓	✓	✓	✓	✓	6
2.	Mr. Guillaume Roux	Vice Chairman	Non-Executive Director	✓	✓	✓	✓	✓	✓	6
3.	Mr. Michel Puchercos	GMD/CEO	GMD/CEO	N/A	✓	✓	✓	✓	✓	5
4.	Mr. Anders Kristiansson (resigned wef. 30/9/2016)	Member	CFO	✓	✓	✓	✓	N/A	N/A	4
5.	Mrs. Adepeju Adebajo (resigned wef. 20/3/2017)	Member	Managing Director Geocycle and Project Management Office (PMO)	✓	✓	✓	✓	✓	✓	6
6.	Mr. Jean-Christophe Barbant	Member	Non-Executive Director	✓	✓	✓	✓	✓	✓	6
7.	Mr. Joe Hudson	Member	Non-Executive Director	✓	✓	✓	✓	✓	✓	6
8.	Mrs. Oludewa Edodo-Thorpe	Member	Independent Director	✓	✓	✓	✓	✓	✓	6
9.	Dr. Adebayo Jimoh	Member	Non-Executive Director (Independent Director)	✓	✓	✓	✓	✓	✓	6
10.	Ms. Sylvie Rochier	Member	Non-Executive Director	✓	✓	✓	✓	✓	✓	6
11.	Mr. Adebode Adefioye	Member	Non-Executive Director	✓	✓	✓	✓	✓	✓	6
12.	Mr. Jean-Carlos Angulo	Member	Non-Executive Director (Independent Director)	✓	✓	✓	✓	✓	✓	6
13.	Mr. Thierry Metro	Member	Non-Executive Director	✓	✓	✓	✓	✓	✓	6
14.	Alhaji Umaru Kwairanga	Member	Non-Executive Director	✓	✓	✓	✓	✓	✓	6
15.	Dr. Shamsudeen Usman, CON, OFR	Member	Non-Executive Director	✓	✓	✓	✓	✓	✓	6
16.	Mrs. Elenda Ohirenuwa Gwa-Amu	Member	Non-Executive Director	✓	✓	✓	✓	✓	✓	6
17.	Mrs. Adenike Ogunlesi	Member	Non-Executive Director	✓	✓	✓	✓	✓	✓	6

*N/A means the Director was either not a member of the Board/ Committee at the time or is presently not a member of the Board/Committee.*

*\* Means absent with apologies.*

## 9. COMMITTEES OF THE BOARD

### (i) Finance and Strategic Planning Committee

The Committee's Terms of Reference includes:

- a. To review and make recommendations to the Board of Directors with respect to the Company's annual and long-term financial strategies and objectives.
- b. Develop and conduct review of the Finance, Sales and Marketing strategic plan and business objectives of the Company and make recommendations to the main Board.
- c. Ensure that the Company's strategic plan towards finance, sales and marketing and any other operations of the Company are transformed into concrete actions aimed at achieving the Company's objectives.
- d. Review and make recommendations to the Board as to strategic decisions regarding operational priorities, including expanding into new or exiting from existing business markets.
- e. Review and make recommendations to the Board, with respect to the Company's annual and long term financial strategies and objectives, as well as any related performance goals.
- f. Review financial matters of the Company, including matters relating to the Company's capitalization, its credit ratings, cash flow, borrowing activities, and investment and surplus funds, while working in close co-operation with the Company's management team.
- g. Review and make recommendations to the Board with respect to the Company's debt and securities, capital transactions and project expenditures, dividend policy and practices.
- h. Periodically review actual capital expenditures and performance against previously approved budgeted amounts.
- i. Such other duties as may from time to time be assigned to the Committee by the Board.

The table below shows the attendance of the members of the Committee at the meetings held during the year:

S/N	Name	Designation	15/3	27/4	18/7	25/10	14/12	Total
1.	Dr. Shamsuddeen Usman	Chairman	✓	✓	✓	✓	✓	5
2.	Mr. Michel Puchercos	Member	N/A	✓	✓	✓	✓	4
3.	Mr. Jean-Christophe Barbant	Member	✓	✓	✓	✓	✓	5
4.	Ms. Sylvie Rochier	Member	✓	✓	✓	✓	✓	5
5.	Mrs. Elenda Ohirenuwa Giwa-Amu	Member	✓	✓	✓	✓	✓	5
6.	Mr. Guillaume Roux	Member	✓	✓	✓	✓	✓	5
7.	Mr. Anders Kristiansson	Member	✓	✓	✓	N/A	N/A	3
8.	Mrs. Adepeju Adebajo	Member	✓	✓	✓	✓	✓	5

*N/A means the Director was either not a member of the Committee at the time or is presently not a member of the Committee.*

### (ii) Nomination and Remunerations Committee

The objective of this Committee is to improve the selection process of the Board and to align with best practices of Corporate Governance.

The Committee meets as the need arises to review the composition of the Board, recommend skill mix and the diversity required for appointment of new members to the Board and consider remuneration of Directors and senior executives of the Company.

The Committee met two times in the year. The table below shows the attendance of the members of the Committee at the meeting:

S/N	Name	Designation	16/3	26/10	Total
1.	Mr. Jean-Carlos Angulo	Chairman	✓	✓	2
2.	Mrs. Elenda Ohirenuwa Giwa-Amu	Member	✓	✓	2
3.	Mr. Adebode Adefioye	Member	✓	✓	2
4.	Mr. Guillaume Roux	Member	✓	✓	2
5.	Ms. Sylvie Rochier	Member	✓	✓	2

### (iii) Risk Management & Ethics Committee

The Risk Management and Ethics Committee is saddled with the following responsibility:

- a. Ensuring that the Company's policy on ethics adequately impacts positively on its Business partners and stakeholders e.g. Customers, Shareholders, Community, Government, Suppliers and the public;
- b. Prescribe new standards and mechanisms related to ethics and make recommendations to the Board.
- c. Consider the nature, extent and categories of the risks facing the Company, and the likelihood of such risks materializing, the Company's ability to reduce the incidence and the impact on its business, if the risks do materialize.
- d. Advise the Board on the cost of operating particular controls relative to the benefits thereby obtained in managing the related risks;
- e. Review the risk register and to notify the Board of changes in the status and control evaluation of risks;
- f. Keep under review and monitor the effectiveness of the Company's system of internal control, non-financial activities of management, including operational and compliance controls and risk management, environment, health and safety and report to the Board on an annual basis and;

- g. Monitors compliance of the Company regarding, Health, Safety, Environment and Ethics.

The Committee met three times in the year. The table below shows the attendance of the members of the Committee at the meetings:

S/N	Directors	Designation	9/3	20/10	13/12	Total
1.	Mr. Jean-Christophe Barbant	Chairman	✓	✓	✓	3
2.	Mrs. Oludewa-Edodo Thorpe	Member	✓	✓	✓	3
3.	Mr. Jean-Carlos Angulo	Member	✓	✓	✓	3
4.	Dr. Shamsuddeen Usman	Member	✓	✓	✓	3
5.	Mrs. Adenike Ogunlesi	Member	✓	✓	✓	3
6.	Alhaji Umaru Kwairanga	Member	✓	✓	✓	3
7.	Mr. Anders Kristiansson	Member	✓	N/A	N/A	1

*N/A means the Director was either not a member of the Committee at the time or is presently not a member of the Committee.*

#### (iv) Property Optimization Committee

This Committee is charged with the responsibility of considering optimization of the Company's properties.

The Committee met three times during the year to consider the optimization of the Company's properties. The table below shows the attendance of the members of the Committee at the meetings:

S/N	Name	Designation	9/3	20/10	13/12	Total
1.	Mr. Adebode Adefioye	Chairman	✓	✓	✓	3
2.	Mr. Adebayo Jimoh	Member	✓	✓	✓	3
3.	Mrs. Oludewa Edodo-Thorpe	Member	✓	✓	✓	3
4.	Mrs. Adenike Ogunlesi	Member	✓	✓	✓	3
5.	Alhaji Umaru Kwairanga	Member	✓	✓	✓	3
6.	Mrs. Adepeju Adebajo	Member	✓	✓	✓	3
7.	Mr. Anders Kristiansson	Member	✓	N/A	N/A	1

*N/A means the Director was either not a member of the Committee at the time or is presently not a member of the Committee.*

#### (v) Statutory Audit Committee

The Audit Committee was established by virtue of the statutory requirement of Section 359 of the Companies and Allied Matters Act cap C20, Laws of the Federation of Nigeria 2004.

Details of the Committees' function is in accordance with section 359 (6) of the Companies and Allied Matters Act cap C20, Laws of the Federation of Nigeria 2004.

Members and Directors of the Committee were elected and nominated pursuant to Section 359 (4) of the said Act and will serve on the Committee up to the conclusion of the 57th Annual General Meeting.

The meetings of the Committee were held four times during the year. The table below shows the attendance of the members of the Committee at the meetings:

S/N	Name	Status	Designation	15/3	15/9	20/10	9/12	Total
1.	Mr. Olawale Oyedele	Shareholder Representative	Chairman	✓	✓	✓	✓	4
2.	Mr. Adebayo Adeleke	Shareholder Representative	Member	✓	✓	✓	✓	4
3.	Chief Peter Asu	Shareholder Representative	Member	✓	✓	✓	✓	4
4.	Mr. Adebode Adefioye	Non-Executive Director	Member	✓	✓	✓	✓	4
5.	Mr. Adebayo Jimoh	Non-Executive Director	Member	✓	✓	✓	✓	4
6.	Mrs. Elenda Ohirenuwa Giwa-Amu	Non-Executive Director	Member	✓	✓	✓	✓	4

*N/A means the Director was either not a member of the Committee at the time or is presently not a member of the Committee.*

\* Means absent with apologies.

## 10. BOARD EVALUATION

In line with the Securities and Exchange Commission's Code of Corporate Governance 2011, a formal assessment of the Board's operations during the year 2016 took place using a detailed and thorough questionnaire approved by the Board. The review was to verify that important issues were properly prepared and debated within the Board and to assess the effective participation and involvement of each Director on the Board.

The assessment also included a debate on the Board's organization and practices and an assessment of the Board Committees. A summary of the 2016 performance evaluation results revealed the Chairman as highly rated by other Directors of the Company. The organization and practices of the Board was also found to be globally satisfactory.

## 11. INDUCTION & CONTINUING TRAINING FOR DIRECTORS

All new directors participate in the Company's Orientation Program, upon election as a director. This orientation includes presentations intended to



familiarize new directors with the Company's operations, strategic plans, its compliance programs, its Code of Business Conduct and Ethics, its principal officers, and its internal and independent auditors.

All other directors are also invited to attend the Orientation Program and receive continuing education regarding the Company's operations and the industry.

The Company attaches great premium to training its Directors and the Company Directors attended some local trainings during the course of the financial year 2016.

## 12. EXECUTIVE COMMITTEE

The Executive Committee is headed by the Group Managing Director/CEO, who is responsible for the day-to-day management of the business. The Management Team is made up of Company Executives. They meet at least once a month to deliberate on critical issues affecting the day to day running of the Company.

## 13. INSIDER TRADING

The Board formulated an Insider Trading Policy which prohibits Directors, employees and any other person in possession of insider information from dealing with the Company's shares at least 30 days before its publication and two (2) business days after its publication (Non-Authorised Trading Periods).

The Company's Directors and employees are therefore notified and prohibited from dealing in the Company's shares during the Non-Authorised Trading Periods, in accordance with the Investment and Securities Act, 2007, the Post Listing Rules of the Nigerian Stock Exchange and the Company's policy on Insider Trading.

## 14. ANTI-BRIBERY AND CORRUPTION STATEMENT

The Board of Directors of the Company in recognising the need for adopting global best practices and high standards of Corporate Governance adopted the following as its Anti-Bribery and Corruption Statement: "Lafarge Africa Plc (the "Company") is committed to:

- conducting its business dealings and relationships in an ethical manner and with the highest level of integrity, in accordance with the Group's Anti-Bribery and Corruption policies included, for example, in the LafargeHolcim's Code of Business Conduct as well as applicable laws;
- complying with relevant Anti-Bribery and Corruption laws such as Corrupt Practices and other Related

Offences Act of 2000 and the UK Bribery Act of 2010 regardless of the business environment we operate in.

- ensuring the implementation and enforcement of effective systems to counter the risks of bribery and corrupt practices in the form of gifts and entertainment, reciprocal agreements, favors, discounts, travel, education, donations and other forms of improper benefits for which the Company could be held liable;
- prohibiting the Company as well as third parties acting on its behalf from engaging in fraudulent acts, corrupt practices and all forms of bribery, gratification, attempting to obtain gratification, facilitation payments, and improper payments or benefits to public officials, their family members and other individuals."

Lafarge Africa commits to comply with the Group Directives and comply with applicable law on anti-bribery and corruption as well as ensure the its business practices reflect this commitment.

## 15. ETHICS AND CODE OF BUSINESS CONDUCT

The Company has adopted the LafargeHolcim Code on Ethics and Business Conduct. LafargeHolcim's Code of Business Conduct ensures that all directors, officers and employees share LafargeHolcim's commitment to conducting business with integrity, and provides guidance on how to put this commitment into practice. It also helps to ensure that we are adhering to the laws and regulations in the countries in which we operate.

Of equal importance to LafargeHolcim is how suppliers we work with conduct their business in the marketplace. We strive to ensure all suppliers behave in accordance with principles set forth in the LafargeHolcim Supplier Code of Conduct, particularly when it comes to human rights, labor related issues, the environment and anti-bribery and corruption.

## 16. STAKEHOLDERS' ENGAGEMENT

Towards achieving objective to co-work effectively with stakeholders, it is crucial for the Company to identify stakeholders accurately and proactively engage with them in regular and constructive dialogue in order to anticipate and manage changes and, ultimately, partner together in order to create shared value. The Company considers its stakeholders as those who have influence over its activities as well as those who are impacted by them. Hence, the Company interacts and engages in a sustained dialogue with a broad spectrum of stakeholders, at all levels.

## 17. RELATIONSHIP WITH SHAREHOLDERS

The Board and Management of the Company ensure that communication and dissemination of information regarding the operations of the Company to shareholders, stakeholders, potential investors and general public is timely, accurate and continuous.

In compliance with the requirements of the Securities & Exchange Commission's Rules Relating to the Complaints Management Framework of the Nigerian Capital Market issued on 16th February, 2015 and The Nigerian Stock Exchange Directive issued on 22nd April, 2015 to all listed Companies, the Company has put in place a Complaints Management Framework Policy.

The Complaints Management Framework Policy sets out the broad framework by which Lafarge Africa Plc ("Lafarge" or "the Company") and its Registrar will provide assistance regarding shareholder issues and concerns. It also provides the opportunity for Lafarge's shareholders to provide feedback to the Company on matters that affect shareholders.

This Policy is directly accessible on the Company's website; [www.lafarge.com.ng](http://www.lafarge.com.ng). In addition, information on the performance of the Company and other major corporate information are also available to shareholders in particular and the general public at the Company's website: [www.lafarge.com.ng](http://www.lafarge.com.ng).

## 18. WHISTLE BLOWING

The Company is committed to conducting its affairs ethically and responsibly. Unethical behaviours cost the Company money, time, human resources and can negatively affect the Company's reputation before its stakeholders.

All ethical abuses and fraud are reported through the Company's internal whistle blowing process.

## 19. HEALTH & SAFETY

Health & Safety is more than just a priority to Lafarge Africa Plc, as priorities can change over time depending on the business circumstances. In 2016, an initiative was undertaken to transform health and safety to a core value, an aspect embedded and integral to all we do in Lafarge Africa Plc.

The vision and action plan for health and safety has laid out a clear road map to enable Lafarge Africa Plc to

operate the business in a way that is incident free. Our goal is to operate all aspects of the business to ensure our products are manufactured and delivered to our customers with zero harm. Put simply, to operate in a way that no person is injured or impacted by our business operations.

Health and safety is an integral part of the Lafarge Africa Plc transformation plan and is in full alignment with the Group's value which states Health and Safety is the overarching value of LafargeHolcim. At LafargeHolcim, we want to do more than prevent accidents, we want to create a healthy and safe environment for our employees, contractors, communities and customers based on a true safety culture.

To create this safety culture in Lafarge Africa Plc, actions were progressed throughout the year to build the capability of the teams, to enable delivery of the vision of being incident free. The starting point was developing health and safety leadership skills throughout the organization, beginning with the senior management team then covering all managers, supervisors, line workers and contractors. This is to ensure that at every level, a shared aligned mindset on health and safety is held and individual contribution to ensuring that as a business, we transform our vision to reality is understood.

Road transport remains the major challenge as regards creating a zero harm business in Nigeria, with over two thousand trucks under Lafarge Africa Plc's control through its 3rd party logistics contractors moving raw materials to our sites and our products to our customers. Significant work was undertaken in 2016 developing the drivers' skills and behaviors through a structured defensive driving and in cab assessment program that covered 85% of all drivers in 2016. The aim is to ensure certification of all drivers by 2017 and partner with our transporters to develop in cab coaches to further develop proactive drivers that can anticipate and in turn avoid accidents.

In tandem to developing the drivers, the deployment of in vehicle monitoring systems was progressed in 2016 to enable real time feedback of driver behaviors giving insights to speed, driving hours and other parameters. Thus, good drivers were recognized and drivers with poor driving skills restrained or removed from the system. Building world class driver behaviors and partnering with strong third party transporters is the critical tipping point to enable road transport to be incident free.

In addition to health and safety leadership development, technical safety trainings were provided for our workers and contractors to see hazards, assess potential risks and in turn reduce the level of risk exposure of our staff and contractors on our industrial sites.

Other activities in the year include: engagement sessions with our employees, communities and contractors across all our plants to share and improve two way engagement and discussions in health and safety. The annual Health & Safety days in June 2016 were themed around 'I Care, I Share, I Act' and activities were arranged at all facilities, manufacturing sites and in our communities to mobilize the teams to take actions to share knowledge and experiences and most importantly act when they see an unsafe behaviors or conditions.

For 2017 the focus for Health and Safety will continue to build on the journey that has started in 2016, with three main attention areas :

- To build the capabilities and mindsets of our people and make them world class Health and Safety Leaders.
- Strengthen the partnership with our logistics road transporters to build capability and mastery in drivers and fleet.
- Deepen our technical mastery of employees and contractors in key areas of high risk exposure to enable risk exposure reduction.

In South Africa, our goal is to have a proactive Health and Safety (H&S) culture embedded in our business to achieve zero harm. The approach integrates H&S into our daily operations to make it a way of life both in and outside the work environment. In 2016, the company recorded a Total Frequency Injury Rate (TFIR) of 3, which is below our target of 3.3, and a Lost Time Injury Frequency Rate (LTIFR) of 0.39, which is well below our target of 0.87.

Our 2016 Country Health and Safety Improvement Plan was instrumental in moving us towards achieving our goal of zero harm. From a people perspective, our HSIP allowed us to achieve better leadership accountability and worker engagement across our business.

Several preventive initiatives were introduced and we saw a decreasing trend in the number of injuries in 2016.

## 20. RISK MANAGEMENT

The Board has the responsibility of safeguarding the maintenance of a sound system of internal control and risk management and regularly receives reports from the Risk Management and Ethics Committee on the effectiveness of the Company's risk management processes to support its strategy and objectives.

## 21. SUSTAINABILITY REPORT

The Company believes that as a responsible Company it must meet the challenges of society, play an active role in the development of the communities within which it operates; and that the implementation of proactive measures in favor of sustainability creates value not only for its shareholders, but also for its teams, its customers and all its stakeholders.

The Company's sustainability strategy is therefore in line with LafargeHolcim's objective to create shared value within society, which focuses on four key fields of action: protecting the climate throughout the entire construction chain, developing innovative products and solutions for building energy efficiency, promoting a business model that preserves and optimizes natural resources and furthers the development of communities.

# Board of Directors



**MR. MOBOLAJI OLUDAMILOLA BALOGUN - Chairman**

Mobolaji Oludamilola Balogun joined the Board of Lafarge Africa Plc on the 1<sup>st</sup> of March 2005 and was elected as the Chairman on the 22<sup>nd</sup> of May 2015.

Mr. Balogun is an Economics (Honours) graduate of the London School of Economics, University of London. He is the Chief Executive Officer of Chapel Hill Denham Group, a leading independent investment banking firm in Nigeria. He worked for First City Group for eleven years in investment banking. He was Executive Director and Chief Operating Officer at CSL (part of First City Group). Mr. Balogun was also an Executive Director at FCMB Capital Markets, where he led advisory teams in major corporate and complex financial transactions.

Mr. Balogun left FCMB to become a co-founder and Director of Econet Wireless Nigeria (now Airtel Nigeria). He was pioneer Chief Business Development and Strategy Officer and in October 2001, he was appointed Chief Marketing Officer. He left the business and mobile telecommunications and returned to investment banking in 2005. He was appointed to the Johannesburg Stock Exchange, Africa Board Advisory Committee in September 2009.

**MR. GUILLAUME ROUX - Vice-Chairman**

Mr. Guillaume Roux (French) is a graduate of Institute d' Etudes Politiques, Paris. He joined the Lafarge Group in 1980 as internal Auditor, Lafarge Cement France.

He was appointed as the Chief Financial Officer of the Biochemical Business Unit, United States in 1989, a post he held between 1989-1992, following which he returned to Lafarge Head Quarters in France to head a mission for the Finance Department. In 1996, he was appointed Vice President, Marketing, North America.

In 1999, he was appointed the Chief Executive Officer, Lafarge operations, Turkey. He was later appointed the Executive Vice President, Cement Division South East Asia in 2001. He held the position of the Group Executive Vice President, Co-President Cement Division responsible for Central Europe, Western Europe, Africa, Maghreb and Middle East since January 2006. He was also the former Group Managing Director of Lafarge Africa Plc until July 2015.



**MR. MICHEL PUCHERCOS - GMD/CEO**

Mr. Michel is a graduate of the Ecole Polytechnique (1976) and the Ecole Nationale du Génie Rural, des Eaux et des Forêts (1981). He started his career in 1982 at the French Ministry of Agriculture and served as a Director of Orsan, a subsidiary of Lafarge from 1989.

He worked in senior executive positions in a number of Agro- Food and Chemical Industries in Europe as follows: from 1992-1994 in Jungbunzlauer SA as Executive President, from 1994-1996 as General Manager of the Cana group and from 1996 -1998 Doux, as Executive Vice President of this leading European group specializing in poultry.

Michel returned to Lafarge in 1998 when he was appointed as Director of Strategy and Information Systems of the Gypsum division of Lafarge. In 2003, he moved to the Cement Division as Director of Cement strategy, until his re - assignment to Bamburi Cement as Managing Director in September 2005 till 2009 when he was appointed the President and CEO of Lafarge South Korea Japan Operations.

He was appointed as the GMD/CEO of Lafarge Africa Plc on the 16<sup>th</sup> March 2016 .



## Directors' Profile



**DR. SHAMSUDEEN USMAN, CON, OFR - Director**

Dr. Shamsuddeen Usman, CON, OFR is an Economist and Banker. He is currently the Chairman/CEO of SUSMAN & Associates, an economic, financial and management consulting firm headquartered in Nigeria. Shamsuddeen was Nigeria's Minister of Finance, from June 2007 to January 2009 and Minister of National Planning from January 2009 to September 2013.

He was responsible for the development of Nigeria's long-term development strategy and the Country's 30 year Infrastructure Master Plan.

He attended Dandago Primary School in Kano State. After secondary school education at the prestigious Government College Keffi and King's College, Lagos, he gained a BSc. in Economics from Ahmadu Bello University in Zaria, Nigeria.

He also obtained both Msc (1976) and PHD (1980) in Economics, from the London School of Economics and Political Science, UK.

Dr. Usman was also, at various times, the Executive Director of UBA and Union Bank, Managing Director NAL Merchant Bank and Deputy Governor, Central Bank of Nigeria.

He was appointed a Director of the Company on March 11, 2015.

**MRS. OLUDEWA EDODO THORPE - Director**

Mrs. Oludewa Edodo -Thorpe is an alumna of the University of Nigeria, Nsukka, from where she graduated with a Second Class (Upper Division) in Law. She holds a Masters of Law degree from the University of Lagos, Akoka Lagos. After her call to the Nigerian Bar and the National Youth Services Corps, she joined the Nigerian Industrial Development Bank Ltd (NIDB). A former Company Secretary of NIDB Trustees Ltd, she is the National Secretary of the National Co-ordinating Committee of the Shareholders Associations. She is an active member of the Nigerian-Japan Association, the Nigerian Bar Association, the International Bar Association and Soroptimist International of Nigeria.

She is a Director of Coastline Microfinance Bank Ltd and a Fellow of the Institute of Directors (IOD) Nigeria.

She is currently involved in the practice of Law with specialization in Secured Credit Transactions, Corporate and Commercial Law and International Business Transactions. She joined the Board of Lafarge Africa Plc on the 3<sup>rd</sup> of September 2008.



**DR. ADEBAYO JIMOH - Director**



Dr. Adebayo Jimoh is an Industrial Psychologist by training. A graduate of the University of Ilorin and holds a Master of Science degree from the University of Ibadan, he has an MBA degree from the Enugu State University of Science (ESUT) Business School. He is a certified member of the British Institute of Marketing, a member of the Nigeria Institute of Management (NIM), a member of the Institute of Directors and a Fellow of the National Institute of Marketing of Nigeria.

Dr. Jimoh served as the General Manager for John Holt Ventures from 1994 – 1996 and thereafter moved to Yamaha Motorcycle Company as the General Manager in 1997, before his appointment as Executive Director in charge of the Group Operations of John Holt Plc in 2003. He retired as the Group Managing Director/CEO of Odua Investment Company in May 2005.

He is currently the Chairman of OMOLUABI Mortgage Bank Plc and was appointed to the Board of Lafarge Africa Plc on the 16<sup>th</sup> March 2011.

## Directors' Profile

**MR. ADEBODE ADEFIOYE - Director**

Mr. Adebode Adefioye is a graduate of the University of Lagos and holds a Master of Science degree from the University of Lagos. He is a member of the Institute of Directors and also a member of the Institute of Public Analysts of Nigeria.

Mr. Adebode Adefioye is the Chief Executive Officer of IBK Services Limited. He currently holds Directorship positions on the Board of Wema Bank Plc and Ceerem Investment Nigeria Limited. He joined the Board of Lafarge Africa Plc on the 20<sup>th</sup> December 2012.

**MR. JEAN-CARLOS ANGULO - Director**

Mr. Jean Carlos Angulo (French) started his career with Lafarge in 1975. He has a unique expertise in engineering, managing cement activities and vertical integration. He is a graduate of the Ecole des Mines de Nancy (France) and the European Institute for Business Administration.

He began his career as a Project Engineer in the aerospace industry at the Société Européenne de Propulsion SEP (1971 à 1974) in Bordeaux. He joined Lafarge in 1975, where he was successively Project Manager and Projects Director in Group engineering subsidiaries (plant construction). He later became the General Manager of Lafarge Brazil Operations and Head of the Southern region of Latin America from 1990 to 1996. He was appointed the General Manager of Lafarge Ciments in France in 1996.

Jean-Carlos Angulo was President of the Cement business's operations in Western Europe and Morocco between 2000 to August 2007. He joined the Lafarge Group Executive Committee in September 2007 as Executive Vice President Operation with responsibilities for Lafarge Group's operations in several countries including Nigeria until September 2012. He was then appointed Advisor of the Group Chairman and CEO until January 2015 when he retired from the Lafarge Group.

He joined the Board of Lafarge Africa Plc on the 20<sup>th</sup> March 2012

**MR. JOSEPH HUDSON - Director**

Mr. Joseph Hudson, a British citizen, was appointed to the Board of Lafarge Africa Plc on 16th March 2011.

Mr. Hudson has held various roles within the Lafarge Group since joining in 2001. He was in charge of Human resources and Organization in Uganda and later went to the USA in 2004 to set up a North and South American satellite of the Lafarge University – a global development initiative for executives. He then became the Vice President of Human Resources and organization for the North American Gypsum business before eventually returning to Africa in 2009 as Regional Vice President for Sub Saharan Africa.

Prior to joining Lafarge, Mr. Hudson was Head of Human Resources for Homegrown Kenya LTD where he also held operational roles in logistics and Plant management.

Mr. Hudson holds an honors degree from Exeter University, and is a Chartered Fellow of the Institute of Personnel and Development (FCIPD), UK. He has represented England Universities at Rugby and has over 15 years' experience working in Africa. He was formerly the MD/CEO of Lafarge Africa Plc till the 1<sup>st</sup> of October 2014.



## Directors' Profile



**MS. SYLVIE ROCHIER - Director**

Ms. Sylvie Rochier (French) started her career with Lafarge since 1989 where she held various senior Management Positions such as Controller and Finance Director for Lafarge Matériaux de Spécialités.

She joined the Group Central Finance Services in 2000 and since then occupied several key roles including Group Vice President, Investment Projects. Ms. Sylvie Rochier is presently the Group Senior Vice President, Finance. She joined the Board of Lafarge Africa Plc on the 26<sup>th</sup> July 2012.

**MR. THIERRY METRO - Director**

Mr. Thierry Metro (French) is a graduate of Ecole Central Paris in Engineering. Since joining Lafarge, Mr. Metro has held several positions such as Plant Manager, Vice-President, Manufacturing for Lafarge Eastern Canada. In 1999, he was the industrial Director for Lafarge Canada till 2002 when he became General Manager, International Technical Center, America.

In 2009, he assumed the position of General Manager, Lafarge Brazil. Between 2012 to 2013, he became Group SVP Fuel Sourcing responsible for all solid fuel sourcing of the Group. In 2014, he became Group SVP Energy & Strategic Sourcing, which is responsible for all Energy and Strategic Sourcing of the Group.

He joined the Board of Lafarge Africa Plc on the 24<sup>th</sup> of April 2014.



**MRS. ADENIKE OGUNLESI - Director**

Mrs. Adenike Ogunlesi is the founder & Chief Responsibility Officer of Ruff 'n' Tumble, the foremost indigenous lifestyle brand operating to international standards in the design, manufacturing and retail of children clothing.

Starting from the boot of her car, Adenike has turned Ruff 'n' Tumble into an instantly recognizable brand. As an entrepreneur of great vision and determination, she has built a reputation for being the best manufacturer of children's clothing, with a network of stores nationwide.

Adenike is the founding member and the first president of the Network of Entrepreneurial Women (NNEW) at the Nigeria Employer's Consultative Association (NECA). She was an advisory board member of the Enterprise Development Centre (EDC) at the Lagos Business School. She is an advisory board member and mentor at WISCAR (Women in Successful Careers) which is a structured mentoring programme for young women, a mentor at the Mara foundation and an avid motivational speaker.

She is a winner of numerous awards and a finalist at the CNBC AABLA (All Africa Business Leaders Awards) in the category of the Business Woman of the year 2014 and 2015. She was appointed to the Board of Lafarge Africa Plc on March 11, 2015.

## Directors' Profile

**MRS. ELENDA OHIRENUWA GIWA-AMU - Director**

Mrs. Elenda Ohirenuwa Giwa-Amu is the CEO, Chandrea Lifestyle Limited, Interior designer; former Executive Secretary, Cross River State Carnival Commission and former, Acting MD, Cross River State Tourism Bureau.

Previously, Head Private Banking, Chartered Bank now Stanbic IBTC, she is the prime driver of Calabar Carnival, which is regarded as Cross River State's most enduring brand. She holds a Bsc. Hons. in Microbiology/Zoology, from the University of Maiduguri and an Associate Degree in Design Technology from F.I.T New York.

She was appointed to the Board of Lafarge Africa on March 11, 2015.

**ALHAJI UMARU KWAIRANGA - Director**

Umaru Kwairanga (Sarkin Fulanin Gombe) holds a B.Sc (Hons) in Business Administration and MBA from the University of Maiduguri. He is a member of the Chartered Institute of Stock Brokers of Nigeria with 20 years cognate experience in banking, corporate finance, as well as an active player in the Capital Market. He is a well-traveled executive with vast knowledge of corporate governance practices. Alhaji Kwairanga is also on the Board of Jaiz Bank Plc, Axa Mansard Pensions, Finmal Services Ltd, Waila Microfinance Bank, Gombe Microfinance Bank, First Bank of Nigeria Mortgage Bank Limited and Kano Electricity Distribution Company Limited

He was appointed a Director of Lafarge Africa Plc on March 11, 2015.

**MS. UZOMA UJA - Company Secretary**

Ms. Uzoma Uja is the Company Secretary/Legal Counsel at Lafarge Africa Plc. Prior to this, she was the Company Secretary /Legal Adviser of Lafarge Cement Wapco Nigeria Plc (Wapco). She joined Lafarge Africa Plc (Wapco) in November 2010 as the Assistant Company Secretary/Legal Manager. Ms. Uja was formerly, the Team Leader in the Company Secretariat/Legal Department of First Inland Bank Plc (now FCMB) where she held several positions.

She is a graduate of Law from the University of Nsukka and was admitted to the Nigerian Bar in 2000. She obtained her Master's Degree in International Business Law from the University of Leeds (UK) and is an Associate of the Chartered Institute of Arbitrators (UK). Ms. Uja is listed on the "2015 Corporate Counsel 100: Africa" a series of publications, highlighting the most influential in-house lawyers in business. She was appointed as Company Secretary on 16th September 2011.





# Management Team



**Michel Puchercos**  
GMD/CEO



**Abdel-Ileh Chour**  
Industrial Director



**Bruno Bayet**  
Chief Financial Officer



**Bruno Hounkpati**  
Ag. Logistics Director



**Fidelia Osime**  
Organization and Human Resources Director



**Graeme Bride**  
Health and Safety Director



**Lolu Alade-Akinyemi**  
Procurement Director



**Marlene Kiniffo- Zounon**  
Sales Director



**Vipul Agrawal**  
Ag. Marketing Director



**Edith Onwuchekwa**  
Legal Director



**Folashade Ambrose-Medebem**  
Communications/Public Affairs Director



**Pierre Philipczyk**  
Country Security Manager



**Rabiu Umar**  
Managing Director, Ashaka



**Raymond Chambers**  
Head of Aggregates & Concrete

# Report of the Directors

The Board of Directors has the pleasure of presenting to members, the Annual Report of Lafarge Africa Plc ("the Company") and its subsidiaries (together as the Group) along with the Consolidated Financial Statements of the Group for the year ended 31st December, 2016.

## 1. STATEMENT OF DIRECTORS' RESPONSIBILITIES

By the provisions of Sections 334 and 335 of the Companies and Allied Matters Act (CAMA) Cap C20, Laws of the Federation of Nigeria 2004, the Company's Directors are responsible for the preparation of financial statements which give a true and fair view of the affairs of the Company as at the end of the financial period and its results for that period and which comply with the Companies and Allied Matters Act, 2004. The responsibilities include ensuring that:

- adequate internal control procedures are instituted to safeguard assets, prevent and detect frauds and other irregularities;
- proper accounting records are maintained; applicable accounting standards are followed and;
- suitable accounting policies are used and consistently applied.

## 2. LEGAL FORM

The Company was incorporated in Nigeria under the Companies Act now Companies and Allied Matters Act Cap C20 Laws of the Federation of Nigeria 2004 on the 24th of February 1959. The Company became listed on the Nigerian Stock Exchange in 1979.

The Company has full ownership of United Cement Company Limited (UNICEM), Atlas Cement Company Limited, Lafarge Ready-Mix Nigeria Limited and Lafarge South Africa Holdings Limited and majority shareholding in AshakaCem Plc.

## 3. PRINCIPAL ACTIVITIES

The principal activities of the Company are manufacturing and marketing of cement, concrete and aggregates products and the provision of building solutions.

## 4. SUMMARY GROUP FINANCIAL RESULTS FOR THE YEAR

	2016 N'million	2015 N'million	% Change
Revenue	219,714.11	267,234.24	-17.78
(Loss)/ Profit before tax	(22,818.72)	29,286.85	-177.91
Income tax credit (charge)	39,717.50	(2,123.88)	-1.970.05

## 5. DIVIDEND

The Board of Directors is proposing a gross dividend of ₦1.05kobo on every Ordinary Share in issue amounting to ₦5,754,771,087.45. The total dividend proposed if approved by shareholders is payable from the pioneer profits and not subject to deduction of withholding tax.

## 6. INTEREST OF DIRECTORS

The interest of Directors in the issued share capital of the Company as recorded in the Register of Members and/or notified by the Directors for the purpose of Section 275 of CAMA and disclosed in accordance with Section 342 also of CAMA and the requirements of the Listing Rules of the Nigerian Stock Exchange, is as follows:

Name	3.05.2017		31.12.16		31.12.15	
	No. of Shares	No. of Shares Direct	No. of Shares Indirect	No. of Shares Direct	No. of Shares Indirect	
Mr. Mobolaji Balogun	2,510,331	2,103,302	-	2,103,302	-	
Mr. Guillaume Roux -	-	-	-	-	-	
Mr. Michel Puchercos (appointed wef 16.03.2016)	-	-	-	-	-	
Mr. Anders Kristiansson (resigned wef 31.09.2016)	-	-	-	-	-	
Mrs. Adepeju Adebajo (resigned wef 20.3.2017)	-	-	-	-	-	
Mr. Jean-Christophe Barbant	27,602	27,602	-	25,093	-	
Mr. Joseph Hudson	42,266	42,266	-	38,424	-	
Mrs. Oludewa Edodo-Thorpe	99,446	75,316	-	46,037	-	
Dr. Adebayo Jimoh	161,200	161,200	-	53,000	-	
Mr. Jean-Carlos Angulo	-	-	-	-	-	
Ms. Sylvie Rochier	-	-	-	-	-	
Mr. Adebode Adefioye	-	-	-	-	-	
Mr. Thierry Metro	-	-	-	-	-	
Dr. Shamsuddeen Usman,	48,710	48,710	-	44,290	-	
Mrs. Elenda Ohirenuwa Giwa-Amu	203,550	203,550	-	-	-	
Mrs. Adenike Ogunlesi	-	-	-	-	-	
Alhaji Umaru Kwairanga	318,149	318,149	-	289,227	-	
<b>Grand Total</b>	<b>3,411,254</b>	<b>2,980,095</b>		<b>2,599,373</b>		

Except as disclosed, none of the Directors has notified the Company of any disclosable interests in the Company's share capital.

## 7. DIRECTORS' INTEREST IN CONTRACTS

Some of the Directors have notified the Company for the purpose of Section 277 of the Companies and Allied Matters Act (Cap C20 Laws of the Federation of Nigeria, 2004) to the effect that they were members or held shareholding of some specified companies which could be regarded as interested in any contracts with which the Company was involved as at 31st December, 2016.

## 8. LAFARGE OWNERSHIP OF SHARES AS AT 31st DECEMBER 2016

The following shareholders held more than 5% of the issued share capital of the Company as at 31st December 2016:

### LAFARGE AFRICA PLC OWNERSHIP STRUCTURE AS AT DECEMBER 31 2016

SHARE CAPITAL : 5,480,734,369

SHAREHOLDERS	HOLDINGS	%HOLDINGS
Associated International Cement Ltd (AIC UK)	1,204,528,187	21.98
Financiere Lafarge SAS	797,234,683	14.55
Lafarge Associated Nigeria Ltd	776,580,751	14.17
Holcibel S.A	454,493,279	8.29
Lafarge Nigeria (UK) Limited	427,453,603	7.80
Lafarge Cement International BV	318,145,295	5.80
	<b>3,978,435,798</b>	<b>72.59</b>
<b>SUMMARY</b>		
Lafarge Holcim	3,978,435,798	72.59
Other shareholders	1,502,298,571	27.41
<b>Grand Total</b>	<b>5,480,734,369</b>	<b>100.00</b>

LafargeHolcim is an international investor holding its shares in the names of its subsidiaries: AIC UK (21.98%), Financiere Lafarge SAS (14.55%), Lafarge Associated Nigeria Limited (14.17%), Holcibel S.A (8.29%), Lafarge Nigeria (UK) Limited (7.80%) and Lafarge Cement International BV (5.80%).

The Company did not purchase any of its own shares during the year. No one other than those listed below held more than 5% of the issued share capital of the Company as at 31st December 2016.

## 9. REGISTER RANGE ANALYSIS

### Register Range Analysis as at: 31/ 12/ 2016

Range	No of Holders	Percent	Unit	Percent	
1	500	19,073	29.06	5,122,367	0.09
501	5,000	35,545	54.15	60,056,564	1.10
5,001	50,000	9,662	14.72	131,160,346	2.39
50,001	500,000	1,156	1.76	150,017,355	2.74
500,001	5,000,000	154	0.23	212,224,528	3.87
5,000,001	50,000,000	36	0.05	598,426,324	10.92
50,000,001	500,000,000	9	0.01	2,222,900,177	40.56
500,000,001	5,480,734,369	3	0.00	2,100,826,708	38.33
<b>Grand Total</b>	<b>65,638</b>	<b>100.00</b>	<b>5,480,734,369</b>	<b>100.00</b>	

## 10. LAFARGE AFRICA SHAREHOLDING AS AT DECEMBER 31ST 2016 SUMMARY SEGMENT

TOTAL SHAREHOLDING 5,480,734,369

Lafarge S.A.	3,978,435,798	72.59%
International Institutional	296,328,853	5.41%
Domestic Institutional	877,945,671	16.02%
Retail Investors	328,024,047	5.99%
	<b>5,480,734,369</b>	<b>100%</b>
FREE FLOAT:	1,502,298,571	27.41%

## 11. UNCLAIMED DIVIDEND AND SHARE CERTIFICATES

The Company has posted to shareholders a list of unclaimed dividend and share certificates. Shareholders are enjoined to review the list to claim their dividend(s) or share certificate(s). For further assistance in this regard, Shareholders should contact the Company Secretary or the Registrars, Cardinal Stone Registrars Limited.

The Company's Registrars have advised that the total amount outstanding as at 31st December 2016 is the sum of ₦917,700,780.66 and the sum of ₦626,261,602.94 was returned to Lafarge Africa Plc in line with the Rules of the Securities and Exchange Commission leaving the cash balance of ₦291,439,177.72 with the Company's Registrars.

Total Unclaimed Dividend	917,700,780.66
Transferred to Lafarge Africa	626,261,602.94
Cash Balance with Registrars	291,439,177.72

In addition, the list of unclaimed dividend and share certificate as at December 31st, 2016 has also been posted on the Company's website for easy access. The address of the website is [www.lafarge.com.ng](http://www.lafarge.com.ng).

## 12. DONATIONS AND CHARITABLE GIFTS

In 2016, the Company undertook Corporate Social Responsibility (CSR) initiatives and made investments amounting to ₦748,346,711.25 in Nigeria. Details are provided as follows:

	Naira
Community Development Projects in Gombe	106,533,583.00
Community Development Projects in Ewekoro	294,055,134.25
Community Development Projects in Sagamu	100,000,000.00
Community Development Projects in Mfamosing	168,489,774.00
Lafarge Africa National Literacy Competition	42,418,220.00
Donations & Other Charitable Gifts	36,850,000.00
<b>Total</b>	<b>748,346,711.25</b>

During the year under review, the Company's subsidiary, Lafarge South Africa Holdings Limited (LSAH) spent 1.5 Million Rand on various Corporate Social Investment (CSI) initiatives particularly on community educational project and volunteering activities.

In accordance with Section 38 (2) Companies and Allied Matters Act Cap C20 Laws of the Federation of Nigeria, 2004, the Company did not make any donation or gift to any political party, political association or for any political purpose in the course of the year under review.

## 13. HUMAN RESOURCES AND PEOPLE DEVELOPMENT

In recognition of employees' impact and contribution to the business, people matters were a key area of focus in 2016, as the Company took significant steps in its integration journey.

In Nigeria, a number of different initiatives were introduced during the course of the year and some existing activities were reinforced as the organization moved from a collection of different units to a single, corporate entity.

For the South African operations, the focus was on "Right people, Right place, Right Time, all the time" and the key priorities on sourcing talent for critical vacancies, optimization of our structures/organization and harmonizing the industrial relations climate. In line with the Company's commitment to promoting the growth and development of its employees and people from the surrounding communities, over R10 M (Ten Million Rand) was spent on Bursaries, Trainings and Graduate Development Programmes.

## 14. ORGANISATIONAL DEVELOPMENT & ALIGNMENT

Following the integration of the legacy units, a cultural transformation project was initiated to define a single organizational culture for the business. This project was launched across the country, and had as its core message the CRISP values (Customer, Results, Integrity, Sustainability and People {with Safety being our overarching value}). This redefined the framework for acceptable behaviors that will deliver superior and sustainable performance.

As part of the integration process, HR systems were consolidated and all existing staff data were synchronized into Workday. This has improved the quality of HR processes (e.g. leave automation) and given access to reliable real time staff data.

The HR policies across the different legacy entities were also aligned to reflect the new Organisation.

## 15. TALENT MANAGEMENT AND DEVELOPMENT

Increased competition in today's global marketplace makes it critical that we have the people at the right level of competencies to deliver. Various people development programmes were initiated to close performance gaps. There was also an increased focus on developing the succession pipeline to further groom potential leaders for future leadership positions.



The National Innovation Diploma programme in Welding and Fabrication Technology in our Mfamosing Plant was endorsed by the National Board of Technical Education. This initiative, coupled with the apprenticeship programme targeted at Community Development has further reinforced our commitment to be a socially responsible organization.

In South Africa, we continue to play a key role in Skills Development across the country and have spent over R10 million on Skills Development initiatives over the past financial year. The Lafarge Africa training centre, located at our Lichtenburg operation is recognized by the South African Qualification authority. Through the training centre, we provide artisan training for learners from communities within which we operate, across the country. The internship and graduate programmes play a critical role in strengthening our talent pool, with the objective of building a reservoir of future senior leaders.

## 16. EMPLOYEE ENGAGEMENT

There was continuous engagement of the workforce in the course of the year. Engagement meetings were held between young, emerging and potential leaders and senior executives of the Company. This gave the leadership the opportunity to feel the pulse of the workforce as well as share with clarity the vision of the newly emerged organization.

Town hall meetings and road shows also held frequently to provide multiple avenues for information sharing on changes within the organisation while also giving employees access to the leadership for direction on ambiguous issues.

In South Africa, we have embarked on a robust employee engagement journey, with the aim of creating a two-way platform across all levels of the organization. The engagement sessions were used as a channel for communicating business matters and keeping employees informed about important developments. This way, as many employees as possible are thus abreast of what is happening in the company, creating an environment where employees feel included and valued as an important part of the business.

## 17. OCCUPATIONAL HEALTH

Employee health and safety (H&S) has always been paramount in the way we operate as a business. In furtherance of our commitment to improve the health and wellbeing of our employees, several initiatives were instituted to provide more efficient medical services. One of such was the restructuring of the Health Insurance (HMO) services to cover more critical medical services across our different locations.

We also upgraded our Medical Emergency Response Plan and conducted a couple of medical emergency drills across all our cement plants to gauge the preparedness of the response teams during emergencies.

We leveraged on the deployment of a single world class service provider to standardize the site clinics for better service for our employees, while also creating awareness and consciousness in every staff on the need to personally commit to live a healthy and safe life.

In South Africa, we take care of the health of our workers by ensuring that medical conditions and exposure to health hazards do not interfere with their ability to work. We conduct Industrial Hygiene monitoring periodically, thus recognising and controlling the risks associated with work and work environment.

Risk-based medical assessments were conducted on our workers to determine initial and ongoing medical fitness. The medical assessments include, pre-employment, periodic, return to work and exit medical examinations. We believe that a healthy worker is a safe and productive worker.

## 18. DIVERSITY & INCLUSION

Diversity and Inclusion remained a priority in 2016 with equity, transparency and fairness being some of the underlying principles for the internal selection process to the new organization.

In Nigeria, the Company celebrated the International Women's Day 2016, and as part of the organization's drive to increase female representation in the workplace, through a workshop organized by the Company.

## 19. PROTECTION OF THE ENVIRONMENT

Lafarge Africa is strongly involved in the co-processing of waste through the use of alternative fuels and raw materials (i.e. hydrocarbon sludge, tyres). This activity shows the will of Lafarge Africa to participate in the development of the Waste Management industry needed in Nigeria for the protection of the environment of the communities we serve.

In particular, Lafarge Africa has commissioned a new renewable energy (biomass) feeding system in Ewekoro I plant in addition to the existing system at Sagamu plant. There are advanced plans to implement a more robust and advance system that can handle other waste aside from biomass in line with our roadmap for the development of renewable fuel in Nigeria.

The Memorandum of Understanding (MOU) with Ogun State Government and Nigeria Sovereign Investment Authority (NSIA) signed in presence of His Excellency, President Muhammadu Buhari on 15th September, 2015 in Paris, is currently being translated into a non-profit company in charge of implementing environmental projects in Ogun (Waste waters, Municipal Waste, Degraded land rehabilitation). The 108,000 ha Imeko Aworo Land Degradation Neutrality Project, in particular, has been validated by United Nations Convention to Combat Desertification, UNCCD, and will be presented in China, in September 2017, in the UNCCD COP 23, as one of the ten transforming LDN projects.

Lafarge Africa Plc has successfully achieved the registration of Clean Development Mechanism (CDM) application by the United Nations Framework Convention for Climate Change (UNFCCC). The CDM allows emission-reduction projects in developing countries to earn Certified Emission Reduction (CER) credits, each equivalent to one ton of Co2 under the Kyoto

Protocol. The mechanism stimulates sustainable development and emission reductions.

## 20. STATUTORY AUDIT COMMITTEE

In accordance with Section 359 (3) of the Companies and Allied Matters Act (Cap C20 Laws of the Federation of Nigeria, 2004), an Audit Committee of the Company was constituted at the 57th Annual General Meeting held in Lagos on the 27th of June 2016 comprising three Shareholders and three members of the Board of Directors namely Mr. Olawale Oyedele, Chief Peter Asu, Mr. Adeleke Adebayo (shareholder representatives) and Mr. Adebode Adefioye, Dr. Adebayo Jimoh and Mrs. Elenda Ohirenuwa Giwa-Amu.

## 21. AUDITORS

In accordance with Section 357(2) of the Companies and Allied Matters Act, Ernst & Young, Chartered Accountants, have indicated their willingness to continue in office as External Auditors of the Company. A resolution will be proposed to authorise the Directors to fix their remuneration.

BY ORDER OF THE BOARD



**UZOMA UJA (MS.)**  
FRC/2012/NBA/00000001645  
Company Secretary

Dated this 3rd May, 2017



Corporate Social Responsibility **Report**

# Building for Tomorrow

Our vision in sustainability aligns with the LafargeHolcim Group's Sustainability Strategy, **The 2030 Plan**, which sets us on the path of building not only for today but for tomorrow. By looking inward into our operations and value chain, we are contributing our part to promote innovation in the building sector, demonstrate care for the environment and climate by constantly watching potential emissions and using alternative sources of fuel. In addition, we show respect for water and nature, in order to enhance quality of lives.

With a focus of helping the world and indeed Nigeria build better, we engage in cross-country social investments to support the socio-economic development of the nation.

Our desire to run a sustainable business enabled us to launch our first Sustainability Report which helped us to review, prioritize and take key decisions for improving our sustainability efforts. The report was GRI G4 compliant, making us one of the few companies in Nigeria (and the first in our sector) to achieve this best practice.



Lafarge Africa Plc is driven by its ambition to set new standards and help transform the way the building and construction industry operates. The principles of sustainable development set us apart in how we want to do business. It is an integral part of our operations, being one of the six pillars of our company strategy.







FOC Members engaging the pupils of Bethesda Child Support Centre

The launch of the 2015 Sustainability Report in 2016 was a voluntary disclosure, beyond listing requirements. It reiterated our commitment to promoting best practices and engaging with our internal and external stakeholders. It indeed highlighted the fact that while we are focused on a performance and profit driven organisation, we are equally focused on ensuring that Lafarge Africa adds value to the society along the triple bottom line of People, Planet and Profit.

### Recognition

In recognition of our unflinching commitment to corporate social responsibility (CSR), stakeholder engagement and consistent contribution to sustainable development, Lafarge Africa emerged Best Company in Stakeholder Engagement in Nigeria and Most Outstanding Company of the Decade at the 10th edition of the Social Enterprise Report Awards (SERAs).

### Health & Safety: A Bedrock To Our Operations

Health & Safety is the bedrock of our entire value chain. This is not



Staff volunteering as a tutor in a secondary school in Lagos

restricted to employees and their families but to contractors and other stakeholders impacted by our operations. We have imbibed a culture of health, safety and security.

The health and safety of stakeholders remain of paramount importance to the Management. This is evident in the activities embarked upon annually in collaboration with the community representatives. Apart from having health & safety related pep talks at engagement sessions, the Company is also committed to helping the indigenes access good and quality healthcare at the grassroots level. The Company supports the building and renovation of health care centers in the local communities.



Other interventions in the area of Health & Safety include the provision of drugs and basic medical health checks, eye care and deworming programs, support for victims with cataract amongst others.

### Community Development

In 2016, Lafarge Africa Plc funded several programs and projects in its host communities in various parts of the country. Some of these programs and projects include:

#### Northern Nigerian Operation

Ashaka Cement committed a total of ₦106,533,583 to its corporate social responsibility in 2016. Some of the projects are:

- Provision of basic infrastructure for host communities
- Electrification of rural communities
- Free medical consultations and distribution of drugs to local communities

- Youth empowerment and development programs

#### Southern Nigeria Operation

In 2016, the United Cement Company of Nigeria expended ₦168,489,774 on various community development initiatives including:

- Education support for secondary and tertiary students



Donation of empowerment tools to the youth of Ewekoro



Launch of Lafarge Africa Plc's Sustainability Report

- Economic empowerment and capacity development programs
- Eye care and de-worming programs for various communities
- Sponsorship of secondary schools football tournament for boys and girls
- The Green- Ball Event for the Calabar Carnival

### South Western Operation

The company spent NGN394,055,134.25 on various programs and projects in Ewekoro and Sagamu including:

- Bursary awards to indigent students in Ewekoro and Sagamu communities
- Support for the Braille Training School and the Nigerian Association for the Blind
- Expanded Skills Acquisition and empowerment scheme for youths in vocational trades



Lafarge Africa emerged Best Company in Stakeholder Engagement in Nigeria and Most Outstanding Company of the Decade of the 10th Edition of the Social Enterprise Report Awards (SERAs).



Lafarge Africa Plc executives with the Lagos State Governor and other dignitaries at the Center for Visible Leadership (CVL) symposium



Winners of the third edition of the Lafarge National Literacy Competition



- Renovation of blocks of classrooms in various schools in the communities
- A major initiative was also undertaken to reconstruct a 1.3KM road and drainage systems on the Ewekoro plant axis of the Lagos –Abeokuta expressway
- Youth Day



Former Minister of Environment with MD, Ashaka Plant during a courtesy visit to the plant.

**Laying the Foundation for the Future through Education**

Lafarge Africa's focus on the development and promotion of literacy skills among Nigerian children, especially those in the public schools is based on the recognition that literacy - the ability to read, write and comprehend – is tied to all human undertakings. Our organization continues to provide support and interventions in education as part of our focus areas of social investments to demonstrate commitment to building a stronger Nigeria.

The annual Lafarge Africa National Literacy Competition, done in partnership with the Ovie Brume Foundation, is our national CSR initiative which engages male and female pupils from public primary schools across the country in activities that measure and enhance their ability to read, write and spell correctly. It also features literacy tests, essay/summary writing and spelling bees to evaluate their reading and

writing abilities.

An impact assessment of the competition reveals that over 77,000 public primary school pupils were reached across 686 schools in 244 Local Government Areas of Nigeria. Testimonies abound that the competition has gone a long way to support the building of pupils' confidence, competitive spirit, greater knowledge and cognitive skills, including the ability to handle pressure.



Donations to the Mfamosing community



Lafarge Africa Plc celebrating with Sagamu community at their 2016 Community Day



International Women's Day celebration at Ashaka Plant

## Building Affordable Nigerian Homes

Lafarge Africa has an ambition to support the bridging of the housing deficit in the country by providing safe, efficient and innovative housing solutions to meet the needs of our customers and offer value to stakeholders.

Our affordable housing solutions rest on three pillars of:

- Housing Microfinance;
- Mass Housing; and
- Providing Soil Stabilized Bricks (SSB) for North East (Northern Nigeria).

Since its launch in 2013, Lafarge Africa's microfinance scheme, Ile Irurun (Easy Home) which is the first housing microfinance scheme in Nigeria has made an impact on 25,000 beneficiaries across 10 states in the country.

In collaboration with strategic partners, the company delivers Concrete Structures (or carcass) on a mass scale using Lafarge Concrete and aluminum formwork. We offer tailor made concrete solutions for projects and provide formworks. Buildings are delivered with speed, are affordable and at consistent quality. The approach is

to cast-in-situ (or cast-on-site), reinforced concrete structures. Walls are load bearing and reinforced. Thickness of the walls is 4 inches or 100cm. The innovative technology enables structural, architectural, electrical and mechanical components to be incorporated in the formwork.

Our model is to construct and supply carcass to Developers and project owners of mass projects to enable such customers deliver quality homes to Nigerians.



The commissioning ceremony



Provision of shelter for Oke Oko relocated communities





Safety education for Drivers of our Ewekoro plant



### Economic Empowerment Through Poverty Eradication

Lafarge Africa Plc creates socio economic opportunities for young and middle aged indigenes to create and earn a sustainable living thus impacting the economy of the respective host communities.

Interventions in poverty eradication include:

- i. Vocational skills development
- ii. Provision of tools such as sewing machines, grinding machines, motorcycles and tricycles and many more to trained individuals
- iii. Entrepreneurial training for individuals to start small and medium scale businesses.

### South Africa

Illustrating our focus on building better communities in the areas within which we operate, over R1,5M was spent on the following projects with the support of the Lafarge Education and Community Trusts:

### Ndabayakhe Whole School Development Programme

- Sports equipment was donated to the 15 schools participating in the sports programme
- Strategic planning sessions for the schools were held and support areas identified

### Ndabayakhe Community Leadership Development Programme

- Leadership training for 38 members of the Madlebe traditional council

### Mzimela Whole School Development Programme

- Lafarge South Africa supports 25 schools through this programme. The construction of an administration block at Inqabayamazimela High School was completed

### Mzimela Community Leadership Development Programme

- 53 members of the Mzimela Traditional Council participated in two leadership training sessions

**Bodibe Whole School Development Programme**

- 11 schools are being supported on this programme
- Career Guidance was held for over 600 Grade 9 -12 learners
- Significant improvements in matric results were achieved (67% in 2015 to 88% in 2016).

**Bodibe Community Leadership Development Programme**

- 12 members of the Tau Rapulana Traditional Council, including the Chief, participated in a week-long leadership training session

**Community Awards Project**

- Annual awards ceremonies, held in Bodibe and Mzimela to recognise efforts and commitment towards education by community members, school leadership and learners

**Lafarge Education Trust bursary project and top matriculants**

- In addition to the previously sponsored students, the Trust sponsored 5 additional students in 2016

**Lafarge Education Trust support for the visually impaired**

- The Trust has, since 2011, been working with the South African National Council for the Blind to improve the performance of visually impaired matriculants. A winter school programme for 88 learners from around the country was sponsored in 2016.



04



A member of  
**LafargeHolcim**

# Financial Statements



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## Statement of **Directors' Responsibilities**

The Directors of **Lafarge Africa Plc** are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view of the financial position of the Group and Company as at 31 December 2016, and the results of its operations, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011.

In preparing the consolidated and separate 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 and Company'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:

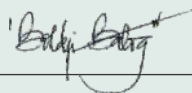
- designing, implementing and maintaining an effective and sound system of internal controls throughout the Group and Company;
- maintaining adequate accounting records that are sufficient to show and explain the Group's and company's transactions and disclose with reasonable accuracy at any time the 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.

### Going Concern:

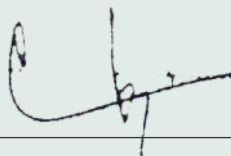
The Directors have made an assessment of the Group's and Company's ability to continue as a going concern and have no reason to believe the Group and Company will not remain a going concern in the year ahead.

The consolidated and separate financial statements for the year ended 31 December 2016 were approved by the Board of directors on 20 March 2017.

On behalf of the Directors of the Group.



**Mobolaji Balogun**  
Managing Director  
FRC/2013/CISN/00000004945



**Michel Puchercos**  
Group Managing Director  
FRC/2017/IODN/00000015919



**Bruno Bayet**  
Group Chief Financial Officer  
FRC/2014/MULTI/00000009554

## Independent Auditors' Report

To the Members of Lafarge Africa Plc

### Report on the Audit of the Consolidated and Separate Financial Statements

#### Opinion

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

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of Lafarge Africa Plc and its subsidiaries as at 31 December 2016 and of their financial performance and their cash flows for the year then ended in accordance with the International Financial Reporting Standards, and the relevant provisions of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and the Financial Reporting Council of Nigeria Act No. 6, 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 Auditor's 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 International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA) and other independence requirements applicable to performing audits of Lafarge Africa Plc and its subsidiaries. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, and in accordance with other ethical requirements applicable to performing the audits of Lafarge Africa Plc and its subsidiaries. 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 period. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.



**Independent Auditors' Report**  
To the Members of Lafarge Africa Plc

Key Audit Matter	How the matter was addressed in the audit
<p>Assessment of impairment of a cement plant (Unicem) and capital work in progress (AshakaCem)</p> <p>a) As at 31 December 2016, the Group has expended ₦82.3 billion on the construction of Mfamosing cement Line 2 Plant which is recognized under Property, Plant and Equipment. Included in the capitalized cost of the plant is an evacuation road constructed by the Group for ₦12.3 billion to facilitate easy accessibility to the new plant under construction at UNICEM in Calabar. However, the Group does not have control over the ownership of this road as the Group is yet to finalize the renewal of the Memorandum of Understanding (MOU) with Cross River State Government.</p> <p>This is a key audit matter due to the significance of the balance and the inherent judgement involved in determining control over the asset. As at 31 December 2016, the cost incurred on Mfamosing cement Line 2 Plant of ₦82.3 billion represents 21% of total assets, and the cost incurred on the evacuation road of ₦12.3 billion represents 2.25% of total assets. Management's assessment of the valuation of property, plant and equipment was significant to our audit because this process is complex and requires significant management judgement.</p> <p>This area is key to our audit as the recoverable amount of the Mfamosing cement Line 2 Plant is contingent on future cash flows, and there is a risk that, if these cash flows do not meet the Group's expectations, the assets might be impaired. The impairment reviews performed by Management contain a number of assumptions that are subject to significant judgments and estimates including revenue growth, profit margins and discount rates.</p> <p>Due to the uncertainty of forecasting and discounting future cash flows and the significance of the asset value, this has been identified as a Key Audit Matter.</p>	<p>Our audit procedures on impairment testing included among others:</p> <ul style="list-style-type: none"> <li>• We evaluated and tested the Group's and the Company's policies and procedures on the recognition of property, plant equipment to ensure they are in line with relevant provisions of IAS 16 and The Conceptual Framework for Financial Reporting and on the identification of triggering events for potential impairment of assets.</li> <li>• We obtained from management the impairment assessment carried out on the Cement Line 2 Plant and the Kiln Preheater project for review</li> <li>• We challenged management's cash flow assumptions and corroborated them by comparison to mid-term plan which included revenue growth, available market reports and historic trend analyses (value in use).</li> </ul>



**Independent Auditors' Report**  
To the Members of Lafarge Africa Plc

Key Audit Matter	How the matter was addressed in the audit
<p>b) The Kiln Preheater project, in AshakaCem Plc, a subsidiary of the Company, amounting to ₦3.3billion representing 0.6% of total assets, had been suspended since 2009 due to security concern at the project site. The project site is situated in the North-East region of Nigeria and the equipment already installed for this project site stands the risk of becoming obsolete due to change in technological advancement. The amount incurred so far is included in Capital work in progress and no impairment charge has been recorded with regards to the project.</p> <p>This area is significant to our audit as the recoverable amount of the asset (Kiln Preheater) is contingent on future cash flows and there is a risk that the assets might be impaired. The impairment reviews performed by management contain a number of assumptions that are subject to significant judgments and estimates including revenue growth, profit margins and discount rates.</p> <p>Due to the uncertainty of forecasting and discounting expected future cash flows and the significance of the asset value (₦3.3 billion), this has been identified as a Key Audit Matter.</p> <p>The impairment assessment carried out by manangement on the Calabar production plant to which the old evacuation road relates and the Preheater project did not lead to any impairment loss.</p> <p>Mfamosing Cement Line 2 Plant and Kiln Pre-heater Project are disclosed in Note 18.1.2 to the consolidated and separate financial statements.</p>	<ul style="list-style-type: none"> <li>• Our internal valuation expert evaluated the applied discount rate used in the computation by benchmarking against independent data.</li> <li>• We benchmarked projected growth rates to external macroeconomic and market outlook, taking the results of both these into account.</li> <li>• We made enquiry from management about the continuity or possible abandonment of the projects.</li> </ul>

**Other Information**

The Directors are responsible for the other information. The other information comprises the Report of the Directors, the Report of the Audit Committee, the Statement of Value Added and Five-Year Financial Summary as required by the Companies and Allied Matters Act (CAMA), and the Corporate Governance Report as required by the Securities and Exchange Commission, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the consolidated and separate financial statements and our Auditors' report thereon.





## Independent Auditors' Report

To the Members of Lafarge Africa Plc

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or 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. If, based on the work we have performed on the other information obtained prior to the date of this Auditors' Report, 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 and fair presentation of these consolidated and separate financial statements in accordance with the International Financial Reporting Standards, relevant provisions of the Companies and Allied Matters Act CAP C20 Laws of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council of Nigeria Act, No. 6, 2011, and for such internal control as the Directors determines necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the Group'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 or to cease operations, or have no realistic alternative but to do so.

### Auditor's 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's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.



## Independent Auditors' Report

To the Members of Lafarge Africa Plc

- 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 related to events or conditions that may cast significant doubt on the Group'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 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 consolidated and separate 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 audit. We remain solely responsible for our audit opinion.

We communicate with 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 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 Directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria 2004, we confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) in our opinion proper books of account have been kept by the Group and the Company, in so far as it appears from our examination of those books; and
- iii) the Group's and the Company's consolidated and separate statements of financial position and consolidated and separate statements of profit or loss and other comprehensive income are in agreement with the books of account.

Funmi Ogunlowo  
FRC/2013/ICAN/00000000681  
For: Ernst & Young  
Lagos, Nigeria  
20 March 2017



In accordance with Section 359 (6) of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 (CAMA), we, the members of the Audit Committee have reviewed and considered the Auditor's Report required to be made in accordance with Section 359 (3) of CAMA and report as follows:

- i. We have reviewed the scope and planning of the audit requirements.
- ii. We have reviewed the External Auditors' Management Letter for the year ended together with Management's responses.
- iii. We also ascertained that the accounting and reporting policies of the Company for the year ended 31<sup>st</sup> December 2016 are in accordance with legal requirements and agreed ethical practices.

In our opinion, the scope and planning of the audit for the year ended 31<sup>st</sup> December, 2016 were adequate and Management's responses to the Auditors' findings were satisfactory.

Dated 20<sup>th</sup> day of March 2017



Mr. Olawale Oyedele  
Chairman, Audit Committee



Mr Olawale Oyedele  
(Chairman)



Chief Peter Asu  
(Member)



Mr. Adebayo Adeleke  
(Member)



Mrs. Elenda Ohirenuwa Giwa-Amu  
(Member)



Dr. Adebayo Jimoh  
(Member)



Mr. Adebode Adefioye  
(Member)

Note: The Financial Reporting Council granted a waiver allowing the Chairman of the Audit Committee to sign the Company's 2016 Annual Report and Financial Statement without his FRC registration number along with the certification.

Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income  
for the year ended 31 December 2016

		Group		Company	
	Note	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Revenue	6	219,714,112	267,234,239	87,198,416	114,558,245
Cost of sales	7	(179,052,422)	(184,588,941)	(64,326,776)	(70,116,635)
<b>Gross profit</b>		<b>40,661,690</b>	<b>82,645,298</b>	<b>22,871,640</b>	<b>44,441,610</b>
Selling and marketing expenses	8	(3,928,674)	(4,482,752)	(1,698,993)	(1,993,424)
Administrative expenses*	9	(26,806,062)	(27,026,183)	(11,065,717)	(10,075,411)
Other operating income	10	3,842,165	1,701,213	10,790,358	85,486
Other operating expenses	11	(24,747,539)	(14,796,743)	(1,875,213)	(4,894,806)
<b>Operating (loss) / profit</b>		<b>(10,978,420)</b>	<b>38,040,833</b>	<b>19,022,075</b>	<b>27,563,455</b>
Investment income	12	1,066	2,647	276,988	4,294,218
Finance income	13	3,675,234	1,950,131	7,331,875	1,310,170
Finance cost	14	(15,504,072)	(10,701,952)	(6,742,176)	(2,249,070)
Share of loss from Joint venture	22	(12,526)	(4,812)	-	-
<b>(Loss) / Profit before tax</b>		<b>(22,818,718)</b>	<b>29,286,847</b>	<b>19,888,762</b>	<b>30,918,773</b>
Income tax credit / (charge) *	15	39,717,499	(2,123,878)	889,586	(1,081,378)
<b>PROFIT FOR THE YEAR</b>	16	<b>16,898,781</b>	<b>27,162,969</b>	<b>20,778,348</b>	<b>29,837,395</b>
<b>Other comprehensive income, net of income tax</b>					
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods (net of tax)</b>					
Remeasurement gain of defined benefit obligation	39	221,808	40,992	66,821	-
Tax effect on remeasurement of defined benefit obligation	15	(63,442)	(10,694)	(20,046)	-
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods (net of tax)</i>					
Exchange differences on translating foreign operations		1,494,621	(8,804,619)	-	-
Share of exchange differences from translation of foreign joint venture		1,534	(10,986)	-	-
<b>Other comprehensive income for the year, net of income tax</b>		<b>1,654,521</b>	<b>(8,785,307)</b>	<b>46,775</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>18,553,302</b>	<b>18,377,662</b>	<b>20,825,123</b>	<b>29,837,395</b>
<b>Profit for the year</b>		<b>16,898,781</b>	<b>27,162,969</b>	<b>20,778,348</b>	<b>29,837,395</b>
Of which, attributable to:					
Owners of the parent Company		16,595,995	28,797,075	20,778,348	29,837,395
Non- controlling interests		302,786	(1,634,106)	-	-
<b>Total comprehensive income attributable to:</b>		<b>18,553,302</b>	<b>18,377,662</b>	<b>20,825,123</b>	<b>29,837,395</b>
Owners of the parent company		18,250,516	20,025,486	20,825,123	29,837,395
Non-controlling interests		302,786	(1,647,824)	-	-
<b>Earnings per share</b>	17				
Basic (kobo) *		315	574	394	594
Diluted (kobo)		315	574	394	594

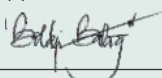
\* See Note 52 on restatement of comparative figures

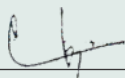


Consolidated and Separate **Statement of Financial Position**  
as at 31 December 2016

	Note	Group		Company	
		31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
<b>Assets</b>					
<b>Non current assets</b>					
Property, plant and equipment	18	390,488,541	364,397,318	114,617,300	118,251,256
Intangible assets	19	1,563,499	1,548,927	-	-
Investment in subsidiaries	21	-	-	243,891,263	211,903,225
Investment in Joint venture	22	89,551	27,410	73,133	-
Available for sale financial assets	23	5,928	5,526	-	-
Other assets	25	4,182,933	291,765	-	-
Other financial assets	26	-	9,975,000	91,732,574	18,139,971
Deferred tax assets	15.3	7,641,003	-	-	-
Restricted cash	30	175,890	2,188,089	-	-
<b>Total non current assets</b>		<b>404,147,345</b>	<b>378,434,035</b>	<b>450,314,270</b>	<b>348,294,452</b>
<b>Current assets</b>					
Inventories	28	44,530,832	33,027,316	22,564,828	15,742,902
Trade and other receivables	29	25,801,379	21,590,393	21,451,612	8,705,693
Other assets	25	2,510,371	2,046,819	1,078,113	809,057
Other financial assets	26	6,235,902	91,026	34,535,538	1,244,481
Cash and bank balances	30	19,265,076	16,493,209	7,653,851	6,476,368
		<b>98,343,560</b>	<b>73,248,763</b>	<b>87,283,942</b>	<b>32,978,501</b>
<b>Total current assets</b>		<b>98,343,560</b>	<b>73,248,763</b>	<b>87,283,942</b>	<b>32,978,501</b>
<b>Total assets</b>		<b>502,490,905</b>	<b>451,682,798</b>	<b>537,598,212</b>	<b>381,272,953</b>
<b>Equity</b>					
Share capital	31	2,740,367	2,277,451	2,740,367	2,277,451
Share premium	32	217,528,456	186,419,988	217,528,456	186,419,988
Retained earnings		102,842,886	100,992,758	119,825,320	113,904,430
Foreign currency translation reserve	34	(8,660,486)	(10,156,641)	-	-
Other reserves arising on business combination		(256,899,951)	(162,185,111)	-	-
<b>Equity attributable to owners of the parent company</b>		<b>57,551,272</b>	<b>117,348,445</b>	<b>340,094,143</b>	<b>302,601,869</b>
Non controlling interest	35	191,401,276	58,803,285	-	-
<b>Total equity</b>		<b>248,952,548</b>	<b>176,151,730</b>	<b>340,094,143</b>	<b>302,601,869</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Borrowings	36	68,046,853	135,465,180	64,014,218	5,672,992
Deferred tax liabilities	15.3	-	32,937,323	18,031,333	18,900,873
Provisions	37	2,448,365	2,576,567	563,468	792,578
Deferred revenue	38	1,554,673	2,133,748	722,496	752,600
Employee benefits obligation	39	3,780,162	7,542,345	1,580,307	4,994,634
Other long-term liabilities	40	1,720,963	1,149,565	-	-
<b>Total non-current liabilities</b>		<b>77,551,016</b>	<b>181,804,728</b>	<b>84,911,822</b>	<b>31,113,677</b>
<b>Current liabilities</b>					
Trade and other payables	41	100,808,366	75,011,599	40,094,240	34,692,124
Borrowings	36	36,487,846	9,488,441	42,366,463	4,884,444
Provisions	37	1,176,910	1,864,197	841,526	1,503,290
Deferred revenue	38	234,718	234,718	30,104	30,104
Current tax liabilities	15.2	824,627	387,026	363,625	606,850
Dividends	33	13,459,412	3,406,120	13,459,412	3,406,120
Bank Overdraft	30	22,995,462	3,334,239	15,436,877	2,434,475
		<b>175,987,341</b>	<b>93,726,340</b>	<b>112,592,247</b>	<b>47,557,407</b>
<b>Total current liabilities</b>		<b>175,987,341</b>	<b>93,726,340</b>	<b>112,592,247</b>	<b>47,557,407</b>
<b>Total liabilities</b>		<b>253,538,357</b>	<b>275,531,068</b>	<b>197,504,069</b>	<b>78,671,084</b>
<b>Total equity and liabilities</b>		<b>502,490,905</b>	<b>451,682,798</b>	<b>537,598,212</b>	<b>381,272,953</b>

These financial statements were approved and authorised for issue by the Board of Directors on 20 March, 2017 and were signed on its behalf by:

  
Mobolaji Balogun  
Managing Director  
FRC/2013/CISN/00000004945

  
Michel Puchercos  
Group Managing Director  
FRC/2017/IODN/00000015919

  
Bruno Bayet  
Group Chief Financial Officer  
FRC/2014/MULTI/00000009554

## Consolidated Statement of Changes in Equity

for the year ended 31 December 2016

Group	Note	Share capital N'000	Share premium N'000	Retained earnings N'000	Foreign Currency translation reserve N'000	Other reserves arising on business combination N'000	Total N'000	Non-Controlling Interests N'000	Total equity N'000
Balance at 1 January, 2015		2,202,088	173,997,568	87,212,826	(1,341,036)	(161,689,548)	100,381,898	75,198,052	175,579,950
Profit for the year				28,797,075			28,797,075	(1,634,106)	27,162,969
Remeasurement gain of defined benefit obligation, net of tax				44,016			44,016	(13,718)	30,298
Exchange differences on translating foreign operations					(8,804,619)		(8,804,619)		(8,804,619)
Share of exchange differences from translation of foreign joint venture					(10,986)	-	(10,986)		(10,986)
Other reserves arising from business combination under common control **	51					(495,563)	(495,563)		(495,563)
<b>Total comprehensive income for the year</b>		-	-	28,841,091	(8,815,605)	(495,563)	19,529,923	(1,647,824)	17,882,099
Dividends				16,397,647)			(16,397,647)	(176,760)	(16,574,407)
Issue of shares	32.1	75,363	12,585,606				12,660,969		12,660,969
Share issue costs	32.1		(163,186)				(163,186)		(163,186)
Acquisition of additional 23.85% of Ashaka NCI				11,958,827			11,958,827	(12,225,899)	(267,072)
Acquisition of additional 15% of ECH share capital				(10,622,339)			(10,622,339)	(2,344,284)	(12,966,623)
<b>Balance at 31 December 2015</b>		2,277,451	186,419,988	100,992,758	(10,156,641)	(162,185,111)	117,348,445	58,803,285	176,151,730
Profit for the year				16,595,995		-	16,595,995	302,786	16,898,781
Remeasurement gain of defined benefit obligation, net of tax				158,366			158,366		158,366
Exchange differences on translating foreign operations					1,494,621		1,494,621		1,494,621
Share of exchange differences from translation of foreign joint venture					1,534		1,534		1,534
<b>Total comprehensive income for the year</b>		-	-	16,754,361	1,496,155	-	18,250,516	302,786	18,553,302
Dividends				(14,904,233)			(14,904,233)	(58,920)	(14,963,153)
Issue of shares	32.1	214,513	31,661,202				31,875,715		31,875,715
Share issue cost	32.1		(304,331)				(304,331)		(304,331)
Bonus shares issued		248,403	(248,403)				-		-
2.51% of Ashaka equity taken over	20.1					330,630	330,630	(1,330,490)	(999,860)
50% of ECH equity taken over	20.2					(95,045,470)	(95,045,470)	133,684,615	38,639,145
<b>Balance at 31 December 2016</b>		2,740,367	217,528,456	102,842,886	(8,660,486)	(256,899,951)	57,551,272	191,401,276	248,952,548

\*\* See Note 52 on restatement of comparative figures

Consolidated Statement of **Changes in Equity** (Cont'd)  
for the year ended 31 December 2016

Company	Note	Share capital T'000	Share premium T'000	Retained earnings T'000	Total equity T'000
Balance at 1 January, 2015		2,202,088	173,997,568	100,464,682	276,664,338
Profit for the year				29,837,395	29,837,395
Other comprehensive income for the year, net of tax				-	-
<b>Total comprehensive income for the year</b>		-	-	29,837,395	29,837,395
Dividends				(16,397,647)	(16,397,647)
Issue of shares	32.1	75,363	12,585,606		12,660,969
Share issue costs	32.1		(163,186)		(163,186)
<b>Balance at 31 December 2015</b>		<b>2,277,451</b>	<b>186,419,988</b>	<b>113,904,430</b>	<b>302,601,869</b>
Profit for the year				20,778,348	20,778,348
Other comprehensive income for the year, net of tax				46,775	46,775
<b>Total comprehensive income for the year</b>		-	-	20,825,123	20,825,123
Dividends				(14,904,233)	(14,904,233)
Issue of shares	32.1	214,513	31,661,202	-	31,875,715
Share issue costs	32.1	-	(304,331)	-	(304,331)
Bonus shares issued	32.1	248,403	(248,403)	-	-
<b>Balance at 31 December 2016</b>		<b>2,740,367</b>	<b>217,528,456</b>	<b>119,825,320</b>	<b>340,094,143</b>

Consolidated and Separate **Statement of Cash Flows**  
as at 31 December 2016

	Note	Group		Company	
		31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
(Loss)/Profit before tax		(22,818,718)	29,286,847	19,888,762	30,918,773
<b>Adjustments to reconcile profit before tax to net cash flows:</b>					
Depreciation and impairment of property, plant and equipment	7&9	15,877,483	16,068,218	5,170,285	5,298,867
Amortisation and impairment of intangible assets	7	119,271	110,954	-	-
Gains on disposals of property plant and equipment	10	(1,045)	(191,087)	(1,045)	(2,401)
Gains on disposals of intangible assets		2,147	981		
Net unrealised exchange loss		5,997,725	(3,953,565)	659,952	-
Write offs for Property, plant and equipment	18	1,025,192	217,421	1,025,192	117,076
Movement in dividend payable		-	-	(4,850,941)	-
Movement in provision	37.1	(352,511)	383,114	(291,272)	(29,419)
Movement in share capital					
Write off of land feasibility costs	11	515,411	320,557	515,411	223,917
Government grants	10	(579,075)	(234,718)	(30,104)	(30,104)
Retirement benefit obligations - service cost	39.5	25,236	771,321	(907,713)	378,822
Employee Long Service Award - service cost	39.1	731,043	450,203	299,262	450,203
Remeasurement (gains) / losses – Long service awards	39.1	(26,837)	(11,980)	117	(11,980)
Employee Profit Share Scheme	37.2	346,205	887,404	346,205	887,404
Productivity Bonus	37.2	1,108,042	1,236,559	758,686	772,850
Finance cost	14	15,504,072	10,701,952	6,742,176	2,249,070
Finance income	13	(3,675,234)	(1,950,131)	(7,331,875)	(1,310,170)
Investment income	12	(1,066)	(2,647)	(276,988)	(4,294,218)
Share of income/loss from associate	22	12,526	4,812	-	-
		<b>13,809,867</b>	<b>54,096,215</b>	<b>21,716,110</b>	<b>35,618,690</b>
<b>Working capital adjustments:</b>					
Changes in working capital	42	3,488,633	5,759,048	(47,725,842)	394,479
		<b>17,298,500</b>	<b>59,855,263</b>	<b>(26,009,732)</b>	<b>36,013,169</b>
Income tax paid	15	(872,808)	(3,132,100)	(243,225)	(337,250)
Employee benefit paid on Retirement Benefit Obligation	39.5	(3,568,673)	(3,504,861)	(2,863,109)	(747,080)
Employee benefit paid on Long service award	39	(25,102)	(49,388)	(24,303)	(49,388)
Employee Profit Share Scheme	37	(1,231,191)	(712,428)	(1,231,191)	(712,428)
Payment on site restoration	37	-	(71,194)	-	(71,194)
Productivity Bonus	37	(937,511)	(762,613)	(535,464)	(362,007)
<b>Net cash flow from/(used in) operating activities</b>		<b>10,663,215</b>	<b>51,622,679</b>	<b>(30,907,024)</b>	<b>33,733,822</b>
Purchase of property, plant and equipment	18	(41,364,119)	(59,866,440)	(2,562,936)	(3,517,347)
Purchase of intangible assets	19	(164,421)	(28,275)	-	-
Interest received		3,675,234	1,950,131	7,331,875	1,310,170
Dividend received from unlisted investments	12	1,066	2,647	-	-
Dividend received from subsidiaries		-	-	276,988	4,294,218
Proceed from disposal of assets		373,325	563,659	2,460	6,878
<b>Net cash flows (used in)/from investing activities</b>		<b>(37,478,915)</b>	<b>(57,378,278)</b>	<b>5,048,387</b>	<b>2,093,919</b>
Interest paid		(15,063,590)	(9,637,300)	(5,871,822)	(1,587,371)
Net cash outflow on acquisition of subsidiaries		(112,323)	(1,068,289)	(416,654)	(1,068,289)
Cash paid for investment in JV		-	-	(73,133)	-
Dividend paid to equity holders of the company	33	(1,444,821)	(12,991,527)	(1,444,821)	(12,991,527)
Dividend paid to Non Controlling Interest		(58,920)	(176,760)	-	-
Unclaimed dividend received		-	421,897	-	421,897
Transaction cost on shares issued		(304,331)	(163,186)	(304,331)	(163,186)
Net movement in other financial assets		9,975,000	(3,727,001)	(73,592,603)	(18,139,971)
Loan received during the year	36	94,632,705	20,707,764	100,047,737	1,500,000
Repayment of external borrowings	36	(81,446,013)	(1,888,180)	(4,884,444)	(1,384,444)
<b>Net cash flows from/(used in) financing activities</b>		<b>6,177,707</b>	<b>(8,522,582)</b>	<b>13,459,929</b>	<b>(33,412,891)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(20,637,993)</b>	<b>(14,278,181)</b>	<b>(12,398,708)</b>	<b>2,414,850</b>
Net foreign exchange difference		3,748,637	9,977,661	573,789	(15,813)
Cash and cash equivalents at 1 January		13,158,970	17,459,490	4,041,893	1,642,856
<b>Cash and cash equivalents at 31 December</b>	<b>30.2</b>	<b>(3,730,386)</b>	<b>13,158,970</b>	<b>(7,783,026)</b>	<b>4,041,893</b>
<b>Comprising:</b>					
Bank balances		19,265,076	16,493,209	7,653,851	6,476,368
Bank overdraft		(22,995,462)	(3,334,239)	(15,436,877)	(2,434,475)
		<b>(3,730,386)</b>	<b>13,158,970</b>	<b>(7,783,026)</b>	<b>4,041,893</b>



## Business description

Lafarge Africa PLC was incorporated in Nigeria on 26 February, 1959 and commenced business on 10 January 1961. The Company formerly known as Lafarge Cement WAPCO Nigeria Plc changed its name after a special resolution was passed and voted in favour of by the shareholders at the Annual General Meeting held on Wednesday 9 July 2014. The change of name became effective with the acquisition of shares in Lafarge South Africa Holdings (Proprietary) Limited (LSAH), United Cement Company of Nigeria Limited (Unicem), Ashaka Cem PLC and Atlas Cement Company Limited (Atlas). The Company's corporate head office is situated at 27B Gerrard Road, Ikoyi, Lagos.

Lafarge Africa PLC is in the business of manufacturing and selling of Cement and other cementitious products such as Ready-Mix concrete, Aggregates and Fly-Ash. On July 15, 2015, Lafarge S.A. France and Holcim Limited, Switzerland joined to create a new company, Lafarge Holcim, Switzerland. The implication of the merger is that Lafarge Africa Plc is now a member of the world's number one building materials company. LafargeHolcim is now the ultimate controlling party. The term 'Group' as used in this report will refer to the Company, its subsidiaries and investment in associates and joint venture.

Lafarge Africa Group comprises the Lafarge Africa Plc and its subsidiaries listed below:

- Lafarge Ready Mix Nigeria Limited which was incorporated in Nigeria as a fully owned subsidiary of Lafarge Africa PLC on 21 December, 2010, and it is in the business of producing ready mix concrete for the construction industry. Its principal office is located at 38 Kudirat Abiola Way, Oregun, Lagos, Nigeria.
- AshakaCem Plc was incorporated in Nigeria on 7 August 1974 as a private limited company and was converted to a public company on 7 September 1974. Following the acquisition on 12 September 2014, Lafarge Africa Plc owned the entire 58.61% controlling interest of AshakaCem Plc held by Lafarge Nigeria (UK) Limited. In 2015, an additional 23.85% shareholding was acquired from the existing 41.39% minority shareholding following a Mandatory tender offer in which 57 ordinary shares of Lafarge Africa Plc were issued for 202 ordinary shares of AshakaCem Plc tendered and a cash consideration of ₦2.00 per share for every share tendered. In August 2016, Lafarge Africa Plc increased its shareholding in AshakaCem Plc to 84.97% through its Voluntary Tender Offer undertaken on the same terms as the Mandatory tender Offer in 2015. Following the VTO, a total of 15,848,874 shares of Lafarge Africa Plc were issued to the minority shareholders of Ashaka Cem in order to buy back additional 2.51% of the minority interest under the same terms as the MTO. The current shareholding in Ashaka Cem Plc as at 31 December 2016 was 84.97%.
- Atlas was incorporated on 24 September 1999 and was a wholly owned subsidiary of Lafarge Nigeria (UK) Limited. Following the acquisition on 12 September 2014 Lafarge Africa Plc owns 100% of the equity shareholding of Atlas held by Lafarge Nigeria (UK) Limited.
- LSAH is a holding company through which Lafarge S.A. holds interests in several South African entities with significant scale and a balanced portfolio of assets across cement; aggregates; ready-mix concrete and fly ash.

Following the acquisition on 12 September 2014, Lafarge Africa Plc owns 100% of LSAH, which represents an indirect average holding of 72.40% in the underlying principal operating companies in South Africa, including Lafarge Industries South Africa; Lafarge Mining South Africa and Ash Resources.

- United Cement Company Nigeria (Unicem) was incorporated in Nigeria on 18 September 2002 as a private limited liability company, which has Nigerian Cement Holdings (NCH) as its parent. Following the acquisition on 12, September 2014, Lafarge Africa held a 50% shareholding in Egyptian Cement Holding B.V., a company which owns 100% equity investment in Nigerian Cement holdings (NCH). At this date, Lafarge Africa owned 35% indirect shareholding in Unicem based on the 70% equity stake of NCH in Unicem. On 7 November, 2014, Lafarge Africa Plc, through NCH concluded an arrangement to acquire indirectly a further 15% of the equity shares of Unicem which was previously held by Flour Mills Nigeria plc (FMN) in two tranches. On 6 January 2015, Lafarge Africa Plc provided NCH with a loan in the sum of USD 50 million valued at ₦9,823, 500,000 for NCH to purchase the first tranche representing 7.5% of the equity shareholding in Unicem. On 28<sup>th</sup> September 2015, Holcim International, joint owner of ECH with Lafarge Africa Plc paid the sum of USD 137 million for the purchase of the remaining 15% equity stake in Unicem which was shared equally between (LAP Plc and Holcim International). With the purchase of the remaining 50% equity stake in Holcibel Limited in June 2016, Lafarge Africa Plc gained 100% ownership of ECH and consequently, NCH and Unicem. At 31 December 2016, Lafarge Africa Plc owned 100% indirect shareholding in Unicem.

Lafarge Africa Plc which owned 50% of the equity investment in Egyptian Cement Holdings (ECH), an investment jointly owned by Holcim Limited up till June 2016 acquired the remaining 50% shareholding in ECH from Holcibel in June 2016 by the issue of 413,175,709 ordinary shares of 50 kobo each in a share for share exchange involving no cash outflow. The company (ECH) is a

### **Business description (cont'd)**

private limited liability company, having its statutory seat in Amsterdam and its business seat at Herikerbegweg 238, 1101 CM Amsterdam, the Netherlands. It was incorporated under the laws of the Netherlands on 29 December 2005. This company owns a 100% equity investment in Nigerian Cement Holdings (NCH). NCH is the sole parent of UNICEM.

These consolidated and separate financial statements cover the financial period from 1 January 2016 to 31 December 2016 with comparatives for the year 2015 as appropriate.

## **1.1 Composition of financial statements**

The consolidated and separate financial statements of Lafarge Africa Plc comprise:

- Group and company statements of profit or loss and other comprehensive Income;
- Group and company statements of financial position;
- Group and company statements of cash flows and
- Notes to the group and company financial statements.
- Consolidated statement of value added
- 5 year summary financial statements

## **1.2 Going concern**

These financial statements have been prepared on the going concern basis. The Group has no intention or need to reduce substantially its business operations. The Group Management believes that the going concern assumption is appropriate for the Group based on historical experience that short-term obligations will always be met.

## **2. Critical accounting judgments and key sources of estimation uncertainty**

In the application of the Group's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### **2.1 Critical judgments in applying accounting policies**

#### **Assessment of control and significant influence**

In determining whether an entity represents a subsidiary or associate of the Lafarge Africa Group, the management are required to consider the degree to which the Group exercises control or significant influence respectively over the investee. Decisions relating to the determination of control over the subsidiaries, and significant influence over potential associate companies involves an element of judgment, which may have a significant impact on the constitution of the group amounts.

### **2.2 Key sources of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### **2.2.1 Provisions for site restoration (Note 33)**

Where the Group is legally, contractually or constructively required to restore a site, the estimated costs of site restoration are accrued for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the site. The unwinding of the discount is expensed as incurred and recognised in the statement of profit or loss as a finance cost. The estimated future costs of site restoration are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are included in profit or loss. The estimated future costs for known restoration requirements are determined on a site-by-site basis and are calculated based on the present value of future activities.

### 2.2.2 Useful lives of property, plant and equipment

The Lafarge Group reviews the estimated remaining useful lives of property, plant and equipment during each reporting period, using a risk based approach, so as to prevent material misstatement in any one year, as it is impracticable to assess all assets in any one year. The group relies on technical experts to determine the best estimate of useful lives. Due to the long life of many of these assets and the effect of ongoing maintenance and upgrades, the extension in the useful lives of many assets is not readily, accurately determinable and therefore is subject to a great degree of judgement and estimation.

### 2.2.3 Employee share ownership plans

The accounting for cash-settled share-based payments requires the Group to make certain assumptions that have a significant impact on the expenses and liabilities that are recorded for these future pay-outs. The expected long-term payables as recorded in note 32 are based on historical performances of similar entities, current and long-term earnings projections and statistics compiled and updated by management based on employee movements.

### 2.2.4 Trade receivables

The Group assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment should be recorded in profit or loss, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

### 2.2.5 Classification of spares

The Group has set certain conditions for distinguishing a spare as critical or not. Critical spares are capitalised if they increase the useful life it belongs or significantly increase the original equipment performance and meet the set threshold for capitalization. Based on the definition and recognition criteria of IAS 16, critical spares should only be capitalized as PPE if by themselves they meet the definition of PPE and not because they will enhance the performance or extend the life of a

## 3 Significant accounting policies

The accounting policies and methods followed in the preparation of these financial statements are the same as those used for the year ended 31 December 2015. The accounting policies adopted, a summary of which is set out below, have been consistently applied to the years presented, unless otherwise disclosed.

### 3.1 Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

### 3.2 Basis of preparation

The consolidated and separate financial statements have been prepared on the historical cost basis of accounting. The consolidated financial statements provide comparative information in respect of the previous period. In addition, the Group presents an additional statement of financial position at the beginning of the preceding period when there is a retrospective application of an accounting policy, a retrospective restatement, or a reclassification of items in financial statements.

The financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS). The group financial statements are presented in Nigerian Naira (NGN) and all values are rounded to the nearest thousand (₦'000), except when otherwise indicated.

### 3.3 Basis of consolidation

The Group financial statements incorporate the financial statements of the parent company, its subsidiaries and associate for the year ended 31 December 2016.

Control is achieved when the company is exposed to, or has rights to variable returns from its involvement with an investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

### 3.3 Basis of consolidation (cont'd)

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Profit or loss and each component of other comprehensive income are attributable to the owners of the Company non-controlling interest. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

The profit or loss and each component of other comprehensive income (OCI) of AshakaCem are attributed to Lafarge Africa and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intercompany balances and transactions have been eliminated in consolidation for the subsidiaries.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

### 3.4 Common Control Business Combinations

Business combinations involving entities ultimately controlled by the LafargeHolcim group are accounted for using the pooling of interest method (also known as merger accounting).

A business combination is a "common control combination" if:

- i. The combining entities are ultimately controlled by the same party both before and after the combination and
  - ii. Common control is not transitory
- Under a pooling of interest- type method, the acquirer is expected to account for the combination as follows:
- i. The assets and the liabilities of the acquiree are recorded at book value and not at fair value
  - ii. Intangible assets and contingent liabilities are recognized only to the extent that they were recognized by the acquiree in accordance with applicable IFRS (in particular IAS 38: Intangible Assets).
  - iii. No goodwill is recorded. The difference between the acquirer's cost of investment and the acquiree's equity is taken directly to equity.
  - iv. Any non-controlling interest is measured as a proportionate share of the book values of the related assets and liabilities.
  - v. Any expenses of the combination are written off immediately in the statement of comprehensive income.
  - vi. Comparative amounts are restated as if the combination had taken place at the beginning of the earliest comparative period presented; and
  - vii. Adjustments are made to achieve uniform accounting policies

### 3.5 Investment in Joint Venture

A joint venture (JV) is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The results, assets and liabilities of JV are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations.

Under the equity method, investments in JVs are carried in the Group statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate. The statement of profit or loss reflects the



### 3.5 Investment in Joint Venture (cont'd)

Group's share of the results of operations of joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture. Losses of a JV in excess of the Group's interest in that JV (which includes any long-term interests that, in substance, form part of the Group's net investment in the JV) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the JV.

Any excess of the consideration over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the JV recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a Group entity transacts with a JV of the Group, unrealized profits and losses are eliminated to the extent of the Group's interest in the relevant JV.

The Group has a 35% interest in Continental Blue Investment Ghana Limited, a JV which is involved in the business of manufacturing and processing of non-precious minerals and building material in Ghana. The interest in the JV is accounted for using the equity method.

### 3.6 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
  - Held primarily for the purpose of trading
  - Expected to be realised within twelve months after the reporting period
- Or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
  - It is held primarily for the purpose of trading
  - It is due to be settled within twelve months after the reporting period
- Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### 3.7 Revenue recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Group and that revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. Revenue is reduced for rebates, discounts and other similar allowances.

The specific recognition criteria described below must also be met before revenue is recognized:

#### 3.7.1 Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon delivery or self-collection. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

#### 3.7.2 Rental Income

Rental income arising from operating leases on properties is accounted for on a straight line basis annually over the lease terms and it is included in revenue in the statement of profit or loss and are usually classified as part of other operating income.

### 3.8 Finance income and expenses

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as AFS, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in profit or loss.

### 3.9 Government grant

Government grants are not recognized 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 recognized 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.

The benefit of a government loan at a below-market rate of interest is treated as government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. The unwinding of the discount is recognised each year as a finance cost in the profit or loss.

### 3.10 Foreign currency translation

#### *i) Transactions and balances*

Transactions in foreign currencies are recorded in the respective functional currencies of the entities of the Group by applying the exchange rate at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary assets and liabilities in a foreign currency that are measured at historical cost are translated using the exchange rates at the date of the transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

#### *ii) Group companies*

On consolidation, the assets and liabilities of foreign operations are translated into Naira at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

The exchange differences arising on the translation are recorded in other comprehensive income under "Exchange differences on translation of foreign operations". On the partial or total disposal of a foreign entity with a loss of control, the related share in the cumulative translation differences recorded in equity is recognized in the statement of profit or loss.

### 3.11 Earnings per share

Basic earnings per share are computed by dividing the net income attributable to owners of the parent company by the weighted average number of common shares outstanding during the period.

Diluted earnings per share is calculated by adjusting profit or loss attributable to ordinary equity holders of the parent entity, and the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares.

### 3.12 Intangible assets

In accordance with criteria set in IAS 38, intangible assets are recognized only if:

- They are identifiable
- They are controlled by the entity because of past events

### 3.12 Intangible assets (cont'd)

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 acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

#### Software

Intangible assets primarily include software costs and are amortized using the straight-line method over their estimated useful lives of three (3) years and it also arises as result of management estimation. This expense is recorded in administrative expenses based on the function of the underlying assets.

### 3.13 Property, plant and equipment

Land and buildings mainly comprise factories, depots, warehouses and offices. All property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairments. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Costs include professional fees, and for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which it is incurred.

Strategic spares expected to be in use for more than one year with material values as determined by the directors are capitalized and depreciated over a period of 2 to 5 years.

Depreciation on property, factory buildings, machinery, vehicles, furniture and equipment is calculated on a straight-line basis at rates deemed appropriate to write off the cost of the assets to their residual values over their expected useful lives. Each part of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

### 3.13 Property, plant and equipment (cont'd)

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. Properties in the course of construction (capital work-in-progress) are carried at cost, less any recognised impairment losses. Cost includes professional fees and for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy.

The carrying amount of an item of property, plant and equipment is derecognized upon disposal and when no future economic benefits are expected from its use. The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the actual proceeds and the carrying amount of the asset and is recognized in the profit or loss in the year in which the disposal or retirement occurs.

The Group require minimum levels of inventory to be able to operate the plant, such inventories were capitalised in line with recognition criteria in IAS 16.16(b) as costs that are necessary to bring the assets to its working condition.

Defined ranges of useful lives for Property, plant and Equipment categories (in years):

• Leasehold Land	Depreciated over the lease term
• Buildings and installations	20 - 35
• Motor vehicles	3 - 10
• Production Plant	20 - 30
• Ancillary Plant & Machinery	10 - 20
• Furniture and Capitalized spares	3 - 10

#### 3.13.1 Major maintenance and repairs

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets and overhaul costs. Where an asset, or part of an asset, that was separately depreciated and is now written off is replaced, and it is probable that future economic benefits associated with the item will flow to the Group through an extended life, the expenditure is capitalised.

Where part of the asset was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) which is immediately written off. All other day-to-day maintenance and repairs costs are expensed as incurred.

#### 3.13.2 Inspection costs

Where an asset requires an inspection after a specified interval then the group recognize the cost of such inspection in the carrying value of related asset, if its economic benefits are for more than one accounting period.

### 3.14 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

#### Group as Lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

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 costs;
- Existence of transfer of ownership;
- Existence of a favourable purchase option; and
- Specificity of the leased asset.



### 3.14 Leases (cont'd)

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

Assets held under finance leases are recognised as assets of the group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to 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.

Rent prepaid charged to profit or loss on a straight-line basis over the term of the relevant lease. All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of leased asset. This indicates that amount prepaid shall be recognised net of incentives and spread as a reduction of rental expenses on a straight line basis or any other systematic basis

Assets held under operating leases are not recognized in the Group's statement of financial position.

#### Group as lessor

Leases where the Group does not transfer substantially all of the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Amounts due from lessees under finance leases are recorded as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases. Finance lease income is recognised as 'other income' in the profit or loss.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

### 3.15 Impairment of assets

Whenever events or new circumstances indicate that the carrying amount of an asset may not be recoverable, an impairment test is performed. The purpose of this test is to compare the carrying value of the asset with its recoverable amount. The recoverable amount is determined by reference to the smallest Cash Generating Unit (CGU) to which the asset belongs.

The recoverable amount is the higher of the fair value less costs of disposal and the value in use, which is the present value of the future cash flows expected to be derived from the use of the asset or its disposal. When the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in "other operating expenses".

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 for which the estimates of future cash flows have not been adjusted.

The following elements are reflected in the assessment of an asset's value in use:

- (a) an estimate of the future cash flows the entity expects to derive from the asset;
- (b) expectations about possible variations in the amount or timing of those future cash flows;
- (c) the time value of money, represented by the current market risk-free rate of interest;
- (d) the price for bearing the uncertainty inherent in the asset; and
- (e) other factors, such as illiquidity, that market participants would reflect in pricing the future cash flows the entity expects to derive from the asset.

### 3.15 Impairment of assets (cont'd)

When an impairment loss is recognized for a cash-generating unit, the loss is allocated first to reduce the carrying amount of the goodwill allocated to the CGU if any, and then, to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. After the impairment loss, the new carrying value of the asset is depreciated prospectively over its remaining life.

Assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each year-end. The carrying value of the assets, revised due to the increase of the recoverable value of the assets, cannot exceed the carrying amount (net of depreciation) that would have been determined had no impairment been recognized in prior periods. Such reversal is recognized in profit or loss.

### 3.16 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of consumables and spare parts is the weighted average cost less amount written down to net realizable value'.

In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overhead based on normal operating capacity. The cost includes direct cost and appropriate overheads and is determined on the first-in first-out method.

Net realisable value of inventories is the estimated selling price of the inventories in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

### 3.17 Cash and cash equivalents

Cash and cash equivalents consists of current account balances, cash, highly liquid investments and cash equivalents which are not subject to significant changes in value and with an original maturity date of generally less than three months from the time of purchase.

### 3.18 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Group determines the classification of its financial instruments at initial recognition.

Description of asset/liability	Classification
Investments	Available-for-sale
Loans and advances receivable	Loans and receivables
Trade and other receivables	Loans and receivables
Cash and cash equivalents	Loans and receivables
Loans payable and borrowings	Other financial liabilities
Trade and other payables	Other financial liabilities

#### 3.18.1 Financial assets

Financial assets are classified into the following specified categories: 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

### 3.18.1 Financial assets (cont'd)

#### 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. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

#### 3.18.1.1 Available-for-sale financial assets (AFS financial assets)

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss at the initial recognition. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in market conditions. After initial measurement, AFS financial assets are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited to the AFS reserve until the investment is derecognised, at which time, the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss in finance costs. Interest earned whilst holding AFS financial assets is reported as interest income using the EIR method.

The Group has insignificant investments in unquoted equity in South Africa managed through South Africa Holdings which have been carried at cost less impairment since their fair values cannot be reliably measured.

#### 3.18.1.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment loss.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The Group first assesses its impairment individually for financial assets that are individually significant before collective for significant financial assets that are not individually significant and others that are not individually.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from OCI and recognised in the statement of profit or loss.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

### 3.18.1.2 Loans and receivables (cont'd)

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

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

### 3.18.1.2 Loans and receivables

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

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

### 3.18.2 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 party. 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.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.



### 3.18.3 Financial liabilities and equity instruments

#### 3.18.3.1 Classification as debt or equity

Debt and equity instruments issued by a Group entity 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

#### 3.18.3.2 Financial liabilities

Financial liabilities are classified as other financial liabilities.

#### 3.18.3.3 Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured 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 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 net carrying amount on initial recognition.

In particular trade payables are held at amortised cost which equates to nominal value. Long-term payables are discounted where the effect is material.

#### 3.18.3.4 Conversion of Shareholders' Loans to Equity

An issuer of a financial instrument should classify it on initial recognition as a financial liability, a financial asset or an equity instrument in accordance with the contractual arrangement's substance and definitions of a financial liability, financial asset or an equity instrument.

The critical feature that distinguishes a financial liability from an equity instrument is the existence of a contractual obligation to either deliver cash or another financial asset to the holder. In other words, if the instrument does not have a contractual obligation to deliver cash or another financial asset, it is classified as an equity instrument. Therefore, where payments of interest and principal are discretionary in nature, equity treatment is appropriate, and the interest on the equity instrument will be recognized in retained earnings.

#### 3.18.3.5 Offsetting of Financial Instruments

The company offset a financial asset and financial liability when, and only when, the company currently has a legally enforceable right of set-off and intends either to settle on a net basis or to realise the financial asset and settle the financial liability simultaneously

#### 3.18.4 Derecognition of financial liabilities

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

### 3.19 Retirement benefits obligation Defined contribution plan

The employees of the group are members of a state arranged Pension scheme (Pension reform act, 2014) operated by the government but managed by several private sector service providers. The company is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the company with respect to the defined contribution plan is to make the specified contributions to the third party organizations, which are responsible for the financial and administrative management of the funds.

### 3.19 Retirement benefits obligation (cont'd)

The Group operates a defined contribution based retirement benefit scheme for its staff, in accordance with the Pension Reform Act of 2014 with employee and employer contributing 8% and 10% of the employees' relevant emoluments respectively for Lafarge Africa Plc, Ashaka Cement Plc and Atlas Cement Nigeria Limited. Lafarge South Africa facilitate and contribute to the provision of retirement benefits for all permanent employees in accordance with the South African Pension Funds Act, 1956.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contribution or as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, an entity shall recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund

#### 3.19.1 Long term service award

The company provides employees with two (2) Long Service Award Benefits. The benefits are gift items, Ex-Gratia (expressed as a multiply of Monthly Basic Salary), a plaque and certificate.

#### 3.19.2 Defined benefit plan

The Group operates a defined benefit pension plan in which requires contributions to be made to a separately administered fund. This scheme has been cancelled since 31 December 2015 for all companies within the Group except Lafarge South Africa Holdings. Payment to employees will be made on attainment of 50years of age and 10years in service.

Remeasurement recognised in profit or loss is reflected immediately in retained earnings. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest income or expenses is recognised in retained earnings through the statement of profit or loss.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);

The composition of remeasurements gains or losses, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur.

Remeasurements are not reclassified to profit or loss in subsequent periods. Net interest is calculated by applying the discount rate to the defined benefit liability. The Group recognises net interest on defined benefits plan in finance cost in the profit or loss.

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

Past service costs should be recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

#### 3.19.3 Nigerian entities

The Group discontinued the defined benefit gratuity schemes for its eligible employees as at 31 December 2015. The Group makes payment in batches to settle the liabilities that had been accrued on the discontinued defined benefit gratuity and continues to recognise the balance not yet settled as a liability. For the Nigerian entities prior to discontinuance, benefits were related to the employees' length of service and remuneration. The cost of providing gratuity benefits was determined using the Projected Unit Method, with actuarial valuations carried out at the end of each reporting period in accordance with the provisions of IAS 19 – Employee Benefits, with the assistance of independent actuaries. Remeasurement, comprising actual gains and losses was reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur.

#### 3.19.4 South African entities

Lafarge South Africa continues to provide post-retirement medical and retirement gratuity benefits to certain qualifying employees. The expected costs of these benefits are determined using the projected unit credit method, with actuarial valuations being carried out as at the statement of financial position date on an annual basis. Provisions are made over the expected service lives of the employees entitled to those funds. The estimated cost of providing such benefits is charged to the statement of comprehensive income on a systematic basis over the employees' working lives within the group. Actuarial gains and losses are recognised in other comprehensive income and accumulated in retained earnings.

#### 3.20 Provisions

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation.

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 recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### 3.20.1 Site Restoration Provisions

Due to the Group's policy and general commitment to respect the environment, the group has a constructive obligation to restore all quarry sites. The provision for such site restoration is recorded in Statement of Financial position and charged to finance cost. This provision is recorded over the operating life of the quarry on the basis of production levels and depletion rates. The estimated future costs for known restoration requirements are determined on a site-by-site basis.

Site restoration costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the site reatoration liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit or loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are included in profit or loss.

#### 3.21 Cash-settled employee share option scheme

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year. Details regarding the determination of the fair value of cash-settled share-based transactions are set out in note 41.2.

#### 3.22 Taxation

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

#### 3.22.1 Current tax

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

### 3.22.2

#### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future
- Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:
  - When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
  - In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group 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 use the benefits of the temporary differences and they are expected to reverse in the foreseeable future.



### 3.22.2 Deferred tax (cont'd)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### 3.23 Fair value measurement

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

### 3.24 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## 4 Standards issued but not yet effective

### IFRS 9: Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Group plans to adopt the new standard on the required effective date. The Group is yet to perform impact assessment on IFRS 9.

#### 4 Standards issued but not yet effective (cont'd)

##### (a) Classification and measurement

The Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value.

##### (b) Impairment

IFRS 9 requires the Group to record expected credit losses on all of its trade receivables on a lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. The Group expects a significant impact on its equity due to unsecured nature of its receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact. Overall, the Group expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of IFRS 9. The Group expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent.

##### IFRS 15: Revenue from contracts with customers

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, effective for periods beginning on 1 January 2018 with early adoption permitted. IFRS 15 defines principles for recognising revenue and will be applicable to all contracts with customers. However, interest and fee income integral to financial instruments and leases will continue to fall outside the scope of IFRS 15 and will be regulated by the other applicable standards (e.g., IFRS 9, and IFRS 16 Leases).

Revenue under IFRS 15 will need to be recognised as goods and services are transferred, to the extent that the transferor anticipates entitlement to goods and services. The standard will also specify a comprehensive set of disclosure requirements regarding the nature, extent and timing as well as any uncertainty of revenue and corresponding cash flows with customers. The Group does not anticipate early adopting IFRS 15 and is yet to evaluate its impact.

##### Amendments to IAS 40: Transfers of Investment Property

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. The Standard is Effective for annual periods beginning on or after 1 January 2018. This amendment is not relevant to the Group

##### IFRIC Interpretation 22: Foreign Currency Transactions and Advance Consideration

The interpretation clarifies that in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. This Standard is effective for annual periods beginning on or after 1 January 2018. This will potentially impact the Group's measurement of foreign currency transactions where consideration is paid or received in advance of recognising the related income, expense or asset.

#### 4 Standards issued but not yet effective

##### IFRS 16: Leases

The IASB issued the new standard for accounting for leases - IFRS 16 Leases in January 2016. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. The new standard does not significantly change the accounting for leases for lessors. However, it does require lessees to recognise most leases on their balance sheets as lease liabilities, with the corresponding right-of-use assets. Lessees must apply a single model for all recognised leases, but will have the option not to recognise 'short-term' leases and leases of 'low-value' assets. Generally, the profit or loss recognition pattern for recognised leases will be similar to today's finance lease accounting, with interest and depreciation expense recognised separately in the statement of profit or loss. IFRS 16, is applied on the same date. Lessees must adopt IFRS 16 using either a full retrospective or a modified retrospective approach. In 2017, the Group plans to assess the potential effect of IFRS 16 on its consolidated financial statements.

#### 4 Standards issued but not yet effective (cont'd)

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

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. These amendments are effective for annual periods beginning on or after 1 January 2017 with early application permitted. Entities applying this relief must disclose that fact. If an entity applies the amendments for an earlier period, it must disclose that fact. These amendments are not expected to have any impact on the Group.

##### **Amendments to IAS 7 : Disclosure Initiative**

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosure provided by the Group.

##### **Amendments to IFRS 2: IFRS 2 Classification and Measurement of Share-based Payment Transactions**

The IASB issued amendments to IFRS 2 *Share-based Payment* that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction. This amendments clarify that the approach used to account for vesting conditions when measuring equity-settled share-based payments also applies to cash-settled share-based payments.; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. The Group is yet to assess the potential effect of the amendments on its consolidated financial statements but there are indications that Group will be impacted considering the fact that the Group has a cash settled share based payment.

##### **IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28**

In December 2015, the IASB decided to defer the effective date of the amendments until such time as it has finalized any amendments that result from its research project on the equity method. Early application of the amendments is still permitted. The amendments address the conflict between IFRS 10 and IAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture. The amendments must be applied prospectively. Early application is permitted and must be disclosed. The effective date of this amendment has been deferred indefinitely. This presently does not have any impact on the Group since it has no loss of control over its subsidiaries.

#### 4 Standards issued but not yet effective (cont'd)

##### **IFRS 1 First-time Adoption of International Financial Reporting Standards: Deletion of short-term exemptions for first-time adopters**

Short-term exemptions in paragraphs E3–E7 of IFRS 1 were deleted because they have now served their intended purpose. The amendment is effective from 1 January 2018. Since the Group is an existing IFRS preparer, this standard does not apply.

##### **2014-2016 cycle (issued in December 2016): IAS 28 Investments in Associates and Joint Ventures: Clarification that measuring investees at fair value through profit or loss is an investment-by investment choice**

The amendments clarify that:

- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.
- The amendments should be applied retrospectively and are effective from 1 January 2018, with earlier application permitted. If an entity applies those amendments for an earlier period, it must disclose that fact. The Group is currently assessing the impact of these amendments to its financial statements.

##### **2014-2016 cycle (issued in December 2016) IFRS 12 Disclosure of Interests in Other Entities Clarification of the scope of the disclosure requirements in IFRS 12**

The amendments clarify that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. The amendments are effective from 1 January 2017 and must be applied retrospectively. This has no impact on the Group as it has no subsidiary or joint venture or associate classified as held for sale.

#### 4.2 New and amended standards and interpretations

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2016. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. The nature and the effect of these changes are disclosed below. Although these new standards and amendments applied for the first time in 2016, they did not have a material impact on the annual consolidated financial statements of the Group.

##### **New and amended standards and interpretations in 2016**

IFRS 14 Regulatory Deferral Accounts

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

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

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

Amendments to IAS 27: Equity Method in Separate Financial Statements

##### **Annual Improvements 2012-2014 Cycle**

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

IFRS 7 Financial Instruments: Disclosures

IAS 19 Employee Benefits

IAS 34 Interim Financial Reporting

Amendments to IAS 1 Disclosure Initiative

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



## 5 Operating segment information

The Group is organised by countries.

The information presented hereafter by reportable segment is in line with that reported to the Group Chief Executive Officer (CEO) for the purposes of making decisions about allocating resources to the segment and assessing its performance.

Each operating segment derives its revenues from the following products:

- A wide range of cement
- Aggregates
- Ready-Mix concrete
- Other products

Group management internally follows the performance of the business based upon:

Revenues by origin of production;

- Earning before interests, taxes, depreciation and amortization (EBITDA), defined as the total of operating income before capital gains, impairment losses, restructuring and others, before depreciation and amortization of property, plant and equipment and intangible assets;
- Current operating income (COI) before capital gains, impairment losses, restructuring and others; and
- Capital employed, defined as the total of goodwill, intangible assets and property, plant and equipment,

### SEGMENT INFORMATION by Country – December, 2016

	Nigeria N'000	South Africa N'000	Total N'000
REVENUE	152,415,517	67,298,595	219,714,112
Current Operating Income (i)	9,344,554	582,400	9,926,954
Other operating income	3,842,165	-	3,842,165
Other operating expenses	(24,925,600)	178,061	(24,747,539)
<b>OPERATING INCOME</b>	<b>(11,738,881)</b>	<b>760,461</b>	<b>(10,978,420)</b>
(i) Comprises the net of Gross profit, Sales and marketing expenses, General and administrative expenses.			
<b>OTHER INFORMATION</b>			
Capital expenditure	38,028,252	3,500,288	41,528,540
Capital employed	333,454,208	27,411,496	360,865,704
<b>STATEMENT OF FINANCIAL POSITION</b>			
Segment non-current assets	376,860,521	27,197,273	404,057,794
<i>Of which investments in Joint ventures</i>	89,551	-	89,551
Segment Current Assets	81,626,114	16,717,446	98,343,560
<b>TOTAL ASSETS</b>	<b>458,576,186</b>	<b>43,914,719</b>	<b>502,490,905</b>
Segment non-current liabilities	71,750,293	5,800,723	77,551,016
Segment current liabilities	159,484,118	16,503,223	175,987,341
Equity	227,341,774	21,610,774	248,952,548
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>458,576,185</b>	<b>43,914,720</b>	<b>502,490,905</b>

5 Operating segment information (cont'd)

SEGMENT INFORMATION by Country – December, 2015

STATEMENT OF INCOME	Nigeria N'000	South Africa N'000	Total N'000
REVENUE	191,681,920	75,552,319	267,234,239
Current Operating Income (i)	47,325,715	3,810,648	51,136,363
Other gains / (losses)	1,701,213	-	1,701,213
Other income / (expenses)	(14,914,764)	118,021	(14,796,743)
<b>OPERATING INCOME</b>	<b>34,112,164</b>	<b>3,928,669</b>	<b>38,040,833</b>

(i) Comprises the net of Gross profit, Sales and marketing expenses, General and administrative expenses.

Revenue from major customers	Nigeria N'000	South Africa N'000	Total N'000
31-Dec-16			
Revenue from major customers	152,415,517	67,298,595	219,714,112
31-Dec-15			
Revenue from major customers	191,681,920	75,552,319	267,234,239

The revenue information above is based on the locations of the major customers.

Revenue from one customer amounted to N4.3 billion (2015: N4.6 billion) arising from sales of cement

OTHER INFORMATION

Capital expenditure	58,174,781	1,719,934	59,894,715
Capital employed	328,674,793	42,099,194	370,773,987

STATEMENT OF FINANCIAL POSITION

Segment Non-current assets	350,108,092	28,298,533	378,406,625
Of which investments in associates	1	27,409	27,410
Segment current assets	61,361,563	11,887,200	73,248,763
<b>TOTAL ASSETS</b>	<b>411,469,656</b>	<b>40,213,142</b>	<b>451,682,798</b>
Segment Non-Current Liabilities	172,423,811	9,380,917	181,804,728
Segment Current Liabilities	82,794,863	10,931,477	93,726,340
Equity	155,710,122	20,441,608	176,151,730
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>410,928,796</b>	<b>40,754,002</b>	<b>451,682,798</b>

B SEGMENT INFORMATION BY PRODUCT LINE

	External revenue		Gross revenue	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Cement	176,285,949	223,086,487	176,285,949	223,086,487
Aggregates and concrete	41,783,264	43,690,373	41,783,264	43,690,373
Other products	3,626,465	3,639,693	3,626,465	3,639,693
Related party sales elimination	(1,981,566)	(3,182,314)	-	-
<b>Total</b>	<b>219,714,112</b>	<b>267,234,239</b>	<b>221,695,678</b>	<b>270,416,553</b>

6 Revenue	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Revenue from sale of goods	219,714,112	267,234,239	87,198,416	114,558,245
The following is the analysis of the revenue by product:				
Cement	174,304,383	219,904,173	87,198,416	114,557,782
Aggregate and Concrete	41,783,264	43,690,373	-	-
Others (Note 6.1)	3,626,465	3,639,693	-	463
	<b>219,714,112</b>	<b>267,234,239</b>	<b>87,198,416</b>	<b>114,558,245</b>

6.1 This represents revenue earned from the sale of fly ash, Readymix pump sales and other mineral components from South African operations.

7 Cost of sales	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Variable costs (Note 7.1)	113,756,458	139,277,006	48,172,454	51,709,042
Production fixed costs (Note 7.2)	26,897,675	8,127,785	1,757,592	2,687,392
Maintenance fixed costs	14,880,299	10,207,786	4,637,593	5,679,708
Distribution fixed cost	1,074,565	463,650	1,074,565	463,650
Depreciation (Note 18)	15,417,532	15,468,712	5,072,737	5,112,134
Amortisation of intangible assets (Note 19)	119,271	110,954	-	-
Lease (Note 7.3)	46,584	46,584	-	-
General and social costs	6,860,038	10,886,464	3,611,835	4,464,709
	<b>179,052,422</b>	<b>184,588,941</b>	<b>64,326,776</b>	<b>70,116,635</b>
7.1 Variable costs				
Distribution variable cost	73,502,619	107,565,830	15,356,245	19,997,870
Fuel	21,178,698	9,257,679	10,720,066	9,257,679
Power	3,629,595	6,136,150	10,542,454	6,136,150
Raw materials and consumables	15,445,546	16,317,347	11,553,689	16,317,347
	<b>113,756,458</b>	<b>139,277,006</b>	<b>48,172,454</b>	<b>51,709,046</b>

#### 7.2 Production fixed costs

Included in the production fixed cost are personnel expenses, by-products costs, inventory write-offs and electrical energy expenses.

7.3 Rent/lease is the annual amortised rent for the use of Luciana Memorial Hospital for a period of 10 years.

8 Selling and marketing expenses	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Advertising expenses	343,700	1,026,297	235,651	674,903
Campaign and innovation expenses	262,506	370,723	98,589	370,723
Other selling and marketing expenses	3,322,468	3,085,732	1,364,753	947,798
	<b>3,928,674</b>	<b>4,482,752</b>	<b>1,698,993</b>	<b>1,993,424</b>

8.1 Other selling expenses represents technical fees, cost of distribution and other miscellaneous costs incurred for selling and marketing cement and other products.

9. Administrative expenses

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Administrative expenses (Note 9.1)	19,582,999	18,005,152	8,162,862	6,416,422
Depreciation (Note 18)	459,951	599,506	97,548	186,733
Technical fee (Note 9.2)	6,048,099	7,828,343	2,525,147	3,346,582
COT and other bank charges	715,013	593,182	280,160	125,674
	<u>26,806,062</u>	<u>27,026,183</u>	<u>11,065,717</u>	<u>10,075,411</u>

9.1 Included in Other general and admin expenses are salaries and related costs amounting to ₦5.5 billion (2015: ₦2.89 billion) and ₦11.58 billion (2015: ₦6.17 billion) for the Company and Group respectively

9.2 Technical fee represents the cost incurred by Lafarge Africa group in respect of the Industrial Franchise Agreement with Lafarge S.A., the Ultimate parent company of the Group. This has been registered with National Office for Technology Acquisition and Promotion (NOTAP) in Nigeria and represents 2% - 3.5% of net sales.

10 Other operating income

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Gain on disposal of property plant and equipment	1,045	191,087	1,045	2,401
Government grant (Note 10.1)	579,075	234,718	30,104	30,104
Write back of accrued charges no longer required (Note 10.2)	2,926,992	27,221	1,965,977	-
Rental income (Note 10.3)	64,998	41,543	1,700	6,065
Scrapped and other miscellaneous income (Note 10.4)	243,101	1,194,664	60,533	34,936
Re-measurement gain on long service award	26,954	11,980	-	11,980
Foreign exchange gain	-	-	-	8,730,999
	<u>3,842,165</u>	<u>1,701,213</u>	<u>10,790,358</u>	<u>85,486</u>

10.1 Government grants have been received from the below-market-interest rate government loan (CBN/BOI Power and Aviation Intervention Fund loan) granted in July 2011. There are no unfulfilled conditions or contingencies attached to these grants.

10.2 This represents writeback of accrued charges no longer required following the clean-up exercise conducted by an external consultant during the year as well as the writeback of excess gratuity provision.

10.3 This represents rental income received largely from the hire of apartments to contractors/guests to Ashaka plant.

10.4 Scrapped and other miscellaneous income comprise of the total income earned on miscellaneous activities not related to cementitious products including sale of scrap and product shortage recoveries (hauliers).

11 Other operating expenses

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Impairment of other receivables	1,529,756	-	1,359,685	-
Integration expenses (Note 11.1)	-	6,047,367	-	4,344,940
Write off of land feasibility costs	515,411	320,557	515,411	223,917
Re-measurement loss on long service award	117	-	117	-
Foreign exchange loss (Note 11.2)	22,702,255	8,428,819	-	325,949
	<u>24,747,539</u>	<u>14,796,743</u>	<u>1,875,213</u>	<u>4,894,806</u>

11.1 This amount represents various expenses incurred on integration projects and restructuring costs incurred as a result of the merger between Lafarge and Holcim in 2015.



11.2 Foreign exchange loss arose from the repayment of loans borrowed by Unicem denominated in USD due to high depreciation of Naira during the year.

	Group		Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
12 Investment income				
Dividends received from subsidiaries (Note 12.1)	-	-	276,988	4,294,218
Dividend received from unlisted investments (Note 12.2)	1,066	2,647	-	-
	<b>1,066</b>	<b>2,647</b>	<b>276,988</b>	<b>4,294,218</b>

12.1 This (N276,988,000) represents dividend received from AshakaCem Plc (84.97%). Prior year figure (N4,294,218,000) represents dividend received from Lafarge South Africa Holdings (Pty) Limited amounting to N3,463,224,000 (100%) and AshakaCem Plc N830,994,000 (82.46%).

12.1 This represents Lafarge South Africa dividend received from unlisted investments in South Africa.

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
13 Finance income				
Interest income on current accounts	244,063	107,670	165,885	67,259
Interest income from Short term fixed deposits (Note 13.1)	401,938	1,260,707	-	39,742
Interest on loan receivable	3,029,233	581,754	7,165,990	1,203,169
	<b>3,675,234</b>	<b>1,950,131</b>	<b>7,331,875</b>	<b>1,310,170</b>

13.1 Income from short term deposits earned by the Group declined as a result of the decline in fixed deposit accounts in AshakaCem Plc

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
14 Finance costs				
Finance cost				
Interest on bank overdraft	870,865	1,180,178	416,261	743,604
Interest on borrowings	14,192,725	8,457,122	6,115,513	843,767
Net interest cost on site restoration	123,728	114,401	62,162	79,874
Net interest cost on employees' long service award	61,077	28,937	48,927	28,937
Net interest cost on defined benefit liability	255,677	921,314	99,313	552,888
	<b>15,504,072</b>	<b>10,701,952</b>	<b>6,742,176</b>	<b>2,249,070</b>

15 Income tax expense

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
15.1 Income tax expense recognised in profit or loss				
Company Income Tax	1,471,093	1,587,248	-	-
Education tax	48,960	201,561	-	201,561
Prior year over-provision	(120,524)	(423,099)	-	-
	1,399,529	1,365,710	-	201,561
Deferred tax expense recognised in the period (Note 15.3)	(41,117,028)	758,168	(889,586)	879,817
<b>Total income tax expense relating to current period relating to continuing operations</b>	<b>(39,717,499)</b>	<b>2,123,878</b>	<b>(889,586)</b>	<b>1,081,378</b>

The Company made a taxable loss during the period, there was therefore no tax payable. Its income tax charge is as a result of deferred tax.

Section 33 of the Companies Income Tax Act (CITA) provides that a tax payer is liable to minimum tax where it has no tax payable or where its tax payable is lower than the minimum tax computed.

Minimum tax rule has not been applied based on the foreign shareholding of the company. The company is controlled by LafargeHolcim, who owns majority of the company's shares.

## 15. Income tax expense (cont'd)

The income tax expense for the period can be reconciled to the accounting profit as follows:

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
(Loss) / Profit before tax from continuing operations	(22,818,718)	29,286,847	19,888,762	30,918,773
Income tax expense calculated at 30%, 28% for LSAH (2015:30%)	(6,845,615)	8,786,054	5,966,629	9,275,632
Impact of disallowable expenses for tax purpose	559,306	519,019	585,620	373,881
Impact of non taxable income	(124,534)	-	(83,097)	
Adjustments in respect of current income tax of previous years	(1,190)	(423,099)		
Impact of education tax rule	48,960	201,561		201,561
Impact of unrecognised tax losses	8,892	3,574,940		
Effect of tax exemption - Netherlands	(2,103,406)			
Effect of Pioneer status	(7,719,817)	(10,932,452)	(7,358,738)	(10,932,452)
Impact of minimum tax	(23,544,251)	456,748		
Effect of lower tax rates in South Africa	4,156	(58,893)		
<b>Income tax expense recognised in profit or loss (relating to continuing operations)</b>	<b>(39,717,499)</b>	<b>2,123,878</b>	<b>(889,586)</b>	<b>1,081,378</b>
Effective tax rate	174%	7%	-4%	3%

The tax rate used for the 2016 and 2015 reconciliations above is the corporate tax rate of 30% payable by corporate entities in Nigeria as stipulated in the Companies Income Tax Act CAP 60 LFN 1990 and 28% for Lafarge South Africa.

### Income tax recognised in other comprehensive income

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Deferred tax arising on: Remeasurement of defined benefit obligation	(63,442)	(10,694)	(20,046)	-

### 15.2 Income tax reconciliation

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
<b>At 1 January</b>	<b>387,025</b>	<b>1,045,133</b>	<b>606,850</b>	<b>742,539</b>
Company income tax	1,471,093	1,587,249	-	-
Education tax charged for the year	48,960	201,561	-	201,561
Prior year over-provision	(120,524)	(423,099)	-	-
<b>Charge for the year (Note 15.1)</b>	<b>1,399,529</b>	<b>1,365,711</b>	<b>-</b>	<b>201,561</b>
Payments during the year	(872,808)	(3,132,100)	(243,225)	(337,250)
Exchange rate difference	(89,119)	1,108,282		
<b>At 31 December</b>	<b>824,627</b>	<b>387,026</b>	<b>363,625</b>	<b>606,850</b>

		<u>31/12/2016</u>				
15.3 Deferred taxation	<b>Group</b>	Balance at beginning of year N'000	Expense / (Income) N'000	Recorded in Other Comprehensive (Income) N'000	Exchange rate differences N'000	Balance at end of year N'000
<b>Deferred tax liabilities in relation to:</b>						
	Property, Plant and Equipment	37,092,537	(37,403,807)	-	682,453	371,183
	Provisions and other liabilities	(3,820,742)	(1,042,764)	-	(87,307)	(4,950,813)
	Tax loss and tax credits carry forward	-	(1,504,625)	-	-	(1,504,625)
	Employee benefits obligation	(148,731)	-	(63,442)	-	(212,173)
	Prepayments	33,630	2,858	-	2,263	38,751
	On Provision	(19,178)	(1,296,137)	-	(1,504)	(1,316,819)
	Operating lease liability	(61,283)	(267)	-	(4,455)	(66,005)
	Others	(138,910)	127,714	-	-	(11,196)
		<u>32,937,323</u>	<u>(41,117,028)</u>	<u>(63,442)</u>	<u>591,450</u>	<u>(7,651,697)</u>

		<u>31/12/2015</u>				
		Balance at beginning of year N'000	Expense / (Income) N'000	Recorded in Other Comprehensive (Income) N'000	Exchange rate differences N'000	Balance at end of year N'000
<b>Deferred tax liabilities in relation to:</b>						
	Property, Plant and Equipment	38,721,551	592,688	-	(2,221,702)	37,092,537
	Provisions and other liabilities	(4,799,324)	481,945	-	496,637	(3,820,742)
	Employee benefits obligation	378	(159,803)	10,694	-	(148,731)
	Prepayments	46,027	234	-	(12,631)	33,630
	Provisions and other liabilities	(11,826)	(12,799)	-	5,447	(19,178)
	Operating lease liability	(78,455)	(5,187)	-	22,359	(61,283)
	Others	-	(138,910)	-	-	(138,910)
		<u>33,878,351</u>	<u>758,168</u>	<u>10,694</u>	<u>(1,709,890)</u>	<u>32,937,323</u>

		<u>31/12/2016</u>				
Company		Balance at beginning of year N'000	Expense / (Income) N'000	Recorded in Other Comprehensive (Income) N'000	Exchange rate differences N'000	Balance at end of year N'000
<b>Deferred tax liabilities in relation to:</b>						
	Property, plant and equipment	20,332,935	(655,489)	-	-	19,677,446
	Provisions and other liabilities	(1,145,374)	(312,812)	-	-	(1,458,186)
	Unrealised exchange difference	6,915	39,234	-	-	46,149
	Employee benefits obligation	(148,731)	-	20,046	-	(128,685)
	Others	(144,872)	39,481	-	-	(105,391)
		<u>18,900,873</u>	<u>(889,586)</u>	<u>20,046</u>	<u>-</u>	<u>18,031,333</u>

Deferred taxation (cont'd)	31/12/2015			Balance at end of year N'000
	Balance at beginning of year N'000	Expense / (Income) N'000	Recorded in Other Comprehensive (Income) N'000	
Deferred tax liabilities in relation to:				
Property, plant and equipment	19,617,536	715,399	-	20,332,935
Provisions and other liabilities	(1,600,978)	455,604	-	(1,145,374)
Unrealised exchange difference	953	5,962	-	6,915
Employee benefits obligation	3,545	(152,276)	-	(148,731)
Others	-	(144,872)	-	(144,872)
	<b>18,021,056</b>	<b>879,817</b>	<b>-</b>	<b>18,900,873</b>

The following is the analysis of deferred tax assets / (liabilities) in the consolidated statement of financial position

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Deferred tax assets	40,672,203	447,942	-	-
Deferred tax liabilities	(33,031,200)	(33,385,265)	(18,031,333)	(18,900,873)
	<b>7,641,003</b>	<b>(32,937,323)</b>	<b>(18,031,333)</b>	<b>(18,900,873)</b>

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. The Group has not recognised deferred tax assets in respect of deductible temporary differences for some of its subsidiaries as it is not probable that taxable profits will be available in future for utilisation. The tax rate applicable to this deductible temporary differences is 30% based on the relevant tax laws. Accordingly, deductible temporary difference and unutilised tax losses for which deferred taxes were not recognised totaled ₦161.7 million and ₦62.4 million as at 31 December 2016 and 2015 respectively while deferred tax asset of ₦399.6 million and ₦8.5 billion were not recognised for the ended 31 December 2016 and 2015 respectively as presented below;

Unrecognised deferred tax relates to the following:

	Group	
	31/12/2016 N'000	31/12/2015 N'000
Property plant and equipment	79,969	3,729,442
Tax loss carried forward	316,685	2,827,215
Unrealized exchange difference	2,900	1,506,616
Provisions	-	483,037
Net deferred tax assets	<b>399,554</b>	<b>8,546,310</b>

16. Profit for the year

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Profit for the year	16,898,781	27,162,969	20,778,348	29,837,395
This has been arrived at after charging (crediting) depreciation and amortisation expense				
Depreciation of property, plant and equipment (Note 7&9)	15,877,483	16,068,218	5,170,285	5,298,867
Amortisation of intangible assets (Note 7)	119,271	110,954	-	-
	<b>15,996,754</b>	<b>16,179,172</b>	<b>5,170,285</b>	<b>5,298,867</b>
Directors emoluments (Note 48.1)	105,278	181,489	56,308	78,295
Auditors remuneration	191,024	171,024	45,605	41,000
Technical fees (note 9.2)	6,048,099	7,828,343	2,525,147	3,346,582
Gain on disposal of PPE (Note 10)	1,045	191,087	1,045	2,401
Exchange loss/ (gain) (note 10 & 11)	(22,702,255)	(8,428,819)	8,730,999	(325,949)
Interest income on current account (note 13)	244,063	107,670	165,885	67,259



## 17 Earnings per share

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

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Profit for the year attributable to owners of the company. (N'000)	<b>16,595,995</b>	<b>28,797,075</b>	<b>20,778,348</b>	<b>29,837,395</b>
Weighted average number of ordinary shares ('000)	5,269,745	5,021,152	5,269,745	5,021,152
<b>Basic earnings per share (kobo)*</b>	<b>315</b>	<b>574</b>	<b>394</b>	<b>594</b>

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

Earnings used in the calculation of diluted earnings per share (N'000)	<b>16,595,995</b>	<b>28,797,075</b>	<b>20,778,348</b>	<b>29,837,395</b>
Weighted average number of ordinary shares ('000)	5,269,745	5,021,152	5,269,745	5,021,152
<b>**Diluted earnings per share (kobo)</b>	<b>315</b>	<b>574</b>	<b>394</b>	<b>594</b>

\*The weighted average number of shares was used in the calculation of the Group and Company's earnings per share.

\*\*See Note 51 for the correction of prior year error.

**18 Plant, property and equipment**

**18.1 Group**

	Leasehold Land	Buildings	Production Plant	Capitalized Spares	Furniture	Motor Vehicles	Computer Equipment	Anciliary Plant & Mach.	Construction Expenditure	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
<b>Cost or deemed cost</b>										
At 1 January 2015	6,475,234	76,942,331	288,691,426	1,569,227	5,303,344	3,012,568	1,131,710	110,542	43,587,759	426,824,141
Capital expenditure	150,182	2,654	99,128	-	25,288	31,521	-	-	59,557,667	59,866,440
Construction expenditure capitalised	1,437,489	(381,032)	4,607,504	381,116	124,823	17,580	224,923	224,689	(6,637,092)	-
Disposals	-	(150,251)	(888,206)	-	(221,109)	(242,057)	-	-	-	(1,501,623)
Write-offs	(117,076)	-	-	-	-	(5)	-	-	(100,340)	(217,421)
Exchange difference	(202,128)	(1,322,954)	(14,480,445)	-	(198,423)	-	-	-	(458,061)	(16,662,011)
<b>At 31 December 2015</b>	<b>7,743,701</b>	<b>75,090,748</b>	<b>278,029,407</b>	<b>1,950,343</b>	<b>5,033,923</b>	<b>2,819,607</b>	<b>1,356,633</b>	<b>335,231</b>	<b>95,949,933</b>	<b>468,309,526</b>
<b>Cost or deemed cost</b>										
At 1 January 2016	7,743,701	75,090,748	278,029,407	1,950,343	5,033,923	2,819,607	1,356,633	335,231	95,949,933	468,309,526
Capital expenditure	-	3,111	187,977	-	173	50,918	-	-	41,121,940	41,364,119
Construction expenditure capitalised	998,767	32,055,595	59,064,919	415,097	1,503,108	87,915	27,248	221,302	(94,373,951)	-
Acquisitions through business combinations	-	123,737	89,870	-	5,126	-	-	-	(218,733)	-
Reclassification	-	-	(827,555)	-	-	-	66,340	-	761,215	-
Disposals	-	(52,294)	(328,959)	-	(48,232)	(214,093)	-	-	-	(643,578)
Write-offs	-	-	-	-	-	-	-	-	(1,025,192)	(1,025,192)
Exchange difference	39,190	256,114	2,932,769	-	34,541	-	-	-	(93,468)	3,169,146
<b>At 31 December 2016</b>	<b>8,781,658</b>	<b>107,477,011</b>	<b>339,148,428</b>	<b>2,365,440</b>	<b>6,528,639</b>	<b>2,744,347</b>	<b>1,450,221</b>	<b>556,533</b>	<b>42,121,744</b>	<b>511,174,021</b>

**18 Plant, property and equipment (cont'd)**

**18.1 Group**

Depreciation	Leasehold Land	Buildings	Production Plant	Capitalized Spares	Furniture	Motor Vehicles	Computer Equipment	Anciliary Plant & Mach.	Construction Expenditure	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
<b>Depreciation</b>										
At 1 January 2015	2,050,051	13,086,144	72,025,913	619,727	4,703,647	2,085,752	974,457	21,215	-	95,566,906
Charge for the year	1,079,461	2,426,364	11,363,650	327,847	207,008	507,340	35,850	120,698	-	16,068,218
On disposals	-	(65,813)	(643,017)	-	(213,902)	(206,319)	-	-	-	(1,129,051)
Exchange difference	(15,347)	(448,654)	(5,978,205)	-	(151,658)	-	-	-	-	(6,593,864)
<b>At 31 December 2015</b>	<b>3,114,165</b>	<b>14,998,041</b>	<b>76,768,341</b>	<b>947,574</b>	<b>4,545,095</b>	<b>2,386,773</b>	<b>1,010,307</b>	<b>141,913</b>	<b>-</b>	<b>103,912,209</b>
<b>Depreciation</b>										
At 1 January 2016	3,114,165	14,998,041	76,768,341	947,574	4,545,095	2,386,773	1,010,307	141,913	-	103,912,209
Charge for the year	556,998	2,508,918	11,709,939	319,651	203,692	418,940	45,254	114,091	-	15,877,483
On disposals	-	(24,227)	(33,771)	-	(7,146)	(206,154)	-	-	-	(271,298)
Exchange difference	3,000	77,755	1,064,170	-	22,161	-	-	-	-	1,167,086
<b>At 31 December 2016</b>	<b>3,674,163</b>	<b>17,560,487</b>	<b>89,508,679</b>	<b>1,267,225</b>	<b>4,763,802</b>	<b>2,599,559</b>	<b>1,055,561</b>	<b>256,004</b>	<b>-</b>	<b>120,685,480</b>
<b>Carrying amount</b>										
At 31 December 2016	5,107,495	89,916,524	249,639,749	1,098,215	1,764,837	144,788	394,660	300,529	42,121,744	390,488,541
At 31 December 2015	4,629,536	60,092,707	201,261,066	1,002,769	488,828	432,834	346,326	193,318	95,949,933	364,397,318

The assets of the South African group and Unicem, with a net book value totalling ₦27.9 billion (2015: ₦26.7 billion) and ₦195.5 billion (2015: ₦166.6 billion) respectively have been pledged as security for bank borrowings to the tune of the outstanding balance of other borrowings as at the reporting date.

Capitalised spares are spare parts that have useful lives above one year and as such qualify as property, plant and equipment in line with note 3.12.

**18.1.1 Capitalised borrowing costs**

The Group started the construction of a new Cement plant in December 2013. This project is expected to be completed in March 2017. The carrying amount of the Cement plant at 31 December 2016 was ₦69.4 billion (2015: 44.9 billion). The Cement plant construction is financed by third parties in a common arrangement. The amount of borrowing costs capitalised during the year ended 31 December 2016 was ₦10.9 billion (2015: ₦7.7 billion). The rate used to determine the amount of borrowing costs eligible for capitalisation was 15.95%, which is the EIR of the specific borrowing.

**18.1.2 Construction expenditure**

Included in Construction Expenditure is the cost of the Kiln Preheater project, in AshakaCem Plc, amounting to ₦3.3 billion representing 0.6% of the Group total assets, The project which is situated in the North-East region of Nigeria had been suspended since 2009 due to security concern at the project site. Management has carried out an impairment assessment of the project and no impairment charge is recorded as the recoverable amount is higher than the carrying amount.

As at 31 December 2016, the Group has expended ₦82.3 billion on the construction of Mfamosing cement Line 2 Plant which is recognized under Construction Expenditure. Included in the capitalized cost of the plant is an evacuation road constructed by the Group for ₦12.3 billion to facilitate easy accessibility to the new plant under construction at UNICEM in Calabar. The evacuation road cost is recognised as part of the attributable transaction costs incurred in bringing the Mfamosing line 2 plant up to the present location and condition. Management has carried out an impairment assessment of the Line 2 plant and no impairment charge is recorded as the recoverable amount is higher than the carrying amount.

## 18 Plant, property and equipment (cont'd)

18.2 Company	Leasehold Land	Buildings	Production Plant	Capitalized Spares	Furniture	Motor Vehicles	Computer Equipment	Ancillary Plant & Mach.	Construction Expenditure	Total
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
<b>Cost or deemed cost</b>										
At 1 January 2015	1,976,427	2,332,853	134,842,077	1,569,227	2,395,953	1,246,766	1,131,710	110,542	5,334,010	150,939,565
Capital expenditure	-	-	-	-	-	-	-	-	3,517,347	3,517,347
Construction expenditure capitalised	511,222	67,105	2,615,343	381,116	29,463	7,600	224,923	224,689	(4,061,461)	-
Disposals	-	-	(231)	-	(13,362)	-	-	-	-	(13,593)
Write-offs	(117,076)	-	-	-	-	-	-	-	-	(117,076)
<b>At 31 December 2015</b>	<b>2,370,573</b>	<b>2,399,958</b>	<b>137,457,189</b>	<b>1,950,343</b>	<b>2,412,054</b>	<b>1,254,366</b>	<b>1,356,633</b>	<b>335,231</b>	<b>4,789,896</b>	<b>154,326,243</b>
<b>Cost or deemed cost</b>										
At 1 January 2016	2,370,573	2,399,958	137,457,189	1,950,343	2,412,054	1,254,366	1,356,633	335,231	4,789,896	154,326,243
Capital expenditure	-	-	-	-	-	50,918	-	-	2,512,018	2,562,936
Construction expenditure capitalised	-	622,029	482,719	415,097	17,957	87,915	27,248	221,302	(1,874,267)	-
Reclassification	-	-	(827,555)	-	-	-	66,340	-	761,215	-
Disposals	-	-	-	-	-	(71,043)	-	-	-	(71,043)
Write-offs	-	-	-	-	-	-	-	-	(1,025,192)	(1,025,192)
<b>At 31 December 2016</b>	<b>2,370,573</b>	<b>3,021,987</b>	<b>137,112,353</b>	<b>2,365,440</b>	<b>2,430,011</b>	<b>1,322,156</b>	<b>1,450,221</b>	<b>556,533</b>	<b>5,163,670</b>	<b>155,792,944</b>
<b>Depreciation</b>										
At 1 January 2015	15,336	852,916	25,154,292	619,727	2,289,033	858,260	974,457	21,215	-	30,785,236
Charge for the year	1,917	79,348	4,526,767	327,847	38,993	167,447	35,850	120,698	-	5,298,867
On disposals	-	-	(208)	-	(8,908)	-	-	-	-	(9,116)
<b>At 31 December 2015</b>	<b>17,253</b>	<b>932,264</b>	<b>29,680,851</b>	<b>947,574</b>	<b>2,319,118</b>	<b>1,025,707</b>	<b>1,010,307</b>	<b>141,913</b>	<b>-</b>	<b>36,074,987</b>
<b>Depreciation</b>										
At 1 January 2016	17,253	932,264	29,680,851	947,574	2,319,118	1,025,707	1,010,307	141,913	-	36,074,987
Charge for the year	1,918	101,470	4,400,925	319,651	40,494	146,482	45,254	114,091	-	5,170,285
On disposals	-	-	-	-	-	(69,628)	-	-	-	(69,628)
<b>At 31 December 2016</b>	<b>19,171</b>	<b>1,033,734</b>	<b>34,081,776</b>	<b>1,267,225</b>	<b>2,359,612</b>	<b>1,102,561</b>	<b>1,055,561</b>	<b>256,004</b>	<b>-</b>	<b>41,175,644</b>
<b>Carrying amount</b>										
At 31 December 2016	2,351,402	1,988,253	103,030,577	1,098,215	70,399	219,595	394,660	300,529	5,163,670	114,617,300
At 31 December 2015	2,353,320	1,467,694	107,776,338	1,002,769	92,936	228,659	346,326	193,318	4,789,896	118,251,256

Capitalised spares are spare parts that have useful lives above one year and as such qualify as property, plant and equipment in line with note 3.12.

### Assets pledged as security

The Company's assets have been pledged as security for bank borrowings to the tune of the outstanding balance of total borrowings outside the Company as at the reporting date (see note 27). The Company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

19 Intangible assets	Group	
	31/12/2016 N'000	31/12/2015 N'000
<b>Cost</b>		
At 1 January	2,743,418	3,587,225
Addition	164,421	28,275
Disposal	(143,775)	(80,014)
Exchange difference	150,742	(792,068)
	<u>2,914,806</u>	<u>2,743,418</u>
<b>Amortization</b>		
At 1 January	1,194,491	1,390,299
Charge for the year	261,195	110,954
On disposal	(141,628)	(79,033)
Exchange difference	37,249	(227,729)
	<u>1,351,307</u>	<u>1,194,491</u>
<b>Carrying Value</b>	<u>1,563,499</u>	<u>1,548,927</u>

Intangible assets represents value of Information Technology software in the Group's operations.

## 20 Calculation of amount included in Equity arising from business combination assuming Pooling of Interest method.

### 20.1 Acquisitions in Egyptian Cement Holdings - 31 December 2016

In June 2016, Lafarge Africa acquired the remaining 50% equity share in Egyptian Cement Holdings (ECH) in a share for share exchange in which Lafarge Africa issued its 413,175,709 shares at ₦75/share for Holcibel's 91 shares thus resulting in 100% ownership of ECH and consequently, Nigerian Cement Holdings (NCH) and Unicem.

#### Acquisitions in Egyptian Cement Holdings - 31 December 2016

<b>Purchase consideration</b>	
Consideration paid	(30,988,178)
<b>Carrying value of the additional interest in ECH</b>	
ECH investment in NCH	(113,868,029)
NCH investment in UNICEM	(182,530,138)
ECH share capital	5,735
NCH share capital	5,536
ECH share premium	118,558,435
NCH share premium	109,605,247
ECH retained earnings taking over	2,029,783
NCH retained earnings taking over	(3,540,883)
50% of ECH NCI share capital acquired	43,222,078
50% portion of ECH Retained earnings as at 31/12/2015 taken over	<u>(37,545,056)</u>
<b>Difference recognised in other reserves arising on business combination</b>	<u>(95,045,470)</u>

### 20.2 Acquisition of Ashaka Minority Interest

In 2016, a Voluntary Tender Offer (VTO) was done to provide an opportunity for the remaining minority share holders in Ashaka Cement Plc who were unable to participate in the MTO. The terms of the offer under the VTO were the same as the terms of the MTO. At the closure of the VTO, a total of 56,161,661 ordinary shares were tendered by the minority share holders. 15,848,874 ordinary shares of Lafarge Africa Plc were issued to the shareholders of AshakaCem who tendered their shares. The Board also approved the payment of ₦2 per share for each share tendered totalling ₦112,323,232 to the shareholders of Ashaka Cement Plc.



<b>Purchase consideration</b>			<b>31/12/2016</b>
			<b>N'000</b>
Cash consideration paid to non-controlling shareholders			112,323
Value of Lafarge Africa Share Capital issued			887,537
			<u>999,860</u>
Carrying value of the additional interest in Ashaka			(1,330,490)
<b>Difference recognised in other reserves arising on business combination</b>			<u><b>(330,630)</b></u>
 <b>20.3 Acquisitions in 2015</b>			 <b>N'000</b>
Cash Payment consideration ( AshakaCem MTO)			1,068,289
Equity consideration (AshakaCem MTO)			12,660,969
			<u>13,729,258</u>
23.85% portion of ECH Equity as at 31/12/2015 taken over			11,958,827
NCH retained earnings taking over			(12,225,899)
Ashaka NCI Share Capital taken (23.85% of N'000 1,119,727)			<u>(267,072)</u>
UNICEM NCI Share Capital taken over (15% of N'000 86,444,156)			(12,966,623)
<b>Difference recognised in other reserves arising on business combination</b>			<u><b>495,563</b></u>
 <b>21 Investment in subsidiaries</b>			
<b>31 December, 2016</b>			
	<b>Place of</b>	<b>Proportion</b>	<b>12/31/2015</b>
	<b>Incorporation</b>		<b>Cost</b>
		<b>%</b>	<b>N'000</b>
Lafarge Ready Mix Nigeria Limited	Nigeria	100.00	50,000
Atlas Cement Company Limited.	Nigeria	100.00	2,150,944
Egyptian Cement Holdings	Nigeria	100.00	65,116,492
Lafarge South Africa Holdings (PTY) Limited	South Africa	100.00	118,141,539
Ashaka Cement PLC	Nigeria	84.97	58,432,288
			<u>243,891,263</u>
 <b>31 December, 2015</b>			
Lafarge Ready Mix Nigeria Limited	Nigeria	100.00	50,000
Atlas Cement Company Limited.	Nigeria	100.00	2,150,944
Egyptian Cement Holdings	Nigeria	50.00	34,128,314
Lafarge South Africa Holdings (PTY) Limited	South Africa	100.00	118,141,539
Ashaka Cement PLC	Nigeria	82.46	57,432,428
			<u>211,903,225</u>
 <b>22 Investment in Joint ventures</b>			
The Group has a 50% interest in Qala, a joint venture involved in aggregate business, located in South Africa.			
The Group's interest in Qala is accounted for using the equity method in the consolidated financial statements.			
Information of the joint venture, based on its IFRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated financial statements are set out:			

## 22.1 Summarised statement of financial position of Qala Resources (pty) Limited:

	Group	
	31/12/2016 N'000	31/12/2015 N'000
Current assets including; cash and cash equivalent and prepayments,	46,132	65,132
Non current assets	93,783	89,364
Current liabilities, including tax payable	(107,079)	(99,677)
Non-current liabilities	-	-
<b>Equity</b>	<b>32,836</b>	<b>54,819</b>
<b>Group's carrying amount of the investment</b>	<b>16,418</b>	<b>27,410</b>

## Summarised statement of comprehensive income of Qala Resources (pty) Limited:

	Group	
	31/12/2016 N'000	31/12/2015 N'000
Revenue	34,155	36,991
Cost of sales	(30,740)	(24,421)
Administrative expenses	(20,493)	(19,981)
Profit before tax	(17,078)	(7,411)
Income tax expense	(7,974)	(2,213)
Loss for the year	(25,052)	(9,624)
Other comprehensive income, net of tax		
Exchange differences on translating	3,070	(21,974)
Other comprehensive income, net of tax	3,070	(21,974)
Total comprehensive income	(21,982)	(31,598)
<b>Group's share of loss for the year</b>	<b>(12,526)</b>	<b>(4,812)</b>
<b>Group's share of Other comprehensive income, net of tax for the year</b>	<b>1,535</b>	<b>(10,987)</b>

## Investment in Qala

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
At January 1	27,410	43,208	-	-
Share of loss	(12,526)	(4,812)	-	-
Exchange difference in OCI	1,534	(10,986)	-	-
	<b>16,418</b>	<b>27,410</b>	<b>-</b>	<b>-</b>
Investment in CBI Ghana (Note 23.2)	<b>73,133</b>	-	<b>73,133</b>	-
	<b>89,551</b>	<b>27,410</b>	<b>73,133</b>	<b>-</b>

## 22.2 Investment in Continental Blue Investment, Ghana

The Group has a 35% interest in Continental Blue Investment (CBI), a company involved in development, financing and operation of a cement grinding plant in Ghana. The Company is yet to commence operation.

23 Available for sale financial assets	Group	
	31/12/2016 N'000	31/12/2015 N'000
<b>Unquoted entities</b>		
Business Partners Limited	5,749	5,358
Pietersburg Mixed Concrete (Proprietary) Limited	138	129
Rand Park Golf Club	41	39
	<b>5,928</b>	<b>5,526</b>

These are the Group's investments in a number of businesses across South Africa. They are managed through the South Africa Holdings. All Group's investment in unquoted equities are classified as Available for sale instruments and are carried at cost because their fair values cannot be measured reliably.

24 **Disclosure of Entity with Non- Controlling Interest within the group**  
Summary of financial position and performance of Ashakacem Plc as at 31 December 2016 is shown below:

Proportion of equity interests held by non-controlling interests

Name	Country of incorporation and operation	2016	2015
Ashaka Cement Plc	Nigeria	17.54%	15.03%

**Summarized Statement of financial position**

	31/12/2016 N'000	31/12/2015 N'000
Non-current assets	50,005,395	50,387,131
Current assets	24,624,290	19,988,994
<b>Total Assets</b>	<b>74,629,685</b>	<b>70,376,125</b>
Total equity	45,683,539	43,716,365
Non-controlling interest	9,010,327	9,298,873
Non-current liabilities	10,580,031	9,963,909
Current liabilities	9,355,788	7,396,978
<b>Total Equity and Liabilities</b>	<b>74,629,685</b>	<b>70,376,125</b>

**Summarized Statement of comprehensive income**

	31/12/2016 N'000	31/12/2015 N'000
Revenue	17,351,235	17,414,893
Profit	2,237,846	3,209,246
Profit attributable to the owners of the company	2,662,390	2,662,390
Profit attributable to the non-controlling interests	(424,544)	546,856
Other Comprehensive income/(loss)	-	(3,167)
<b>Total Comprehensive income</b>	<b>2,237,846</b>	<b>3,206,079</b>

**Summarized Statement of Cash Flows**

Net cashflows from operating activities	(1,486,974)	(1,949,228)
Net cashflows from investing activities	(467,317)	(1,565,886)
Net cashflows from financing activities	(335,918)	(1,007,754)

AshakaCem PLC was incorporated in Nigeria on 7th August 1974 and became a public Company on 7th September 1974.

The Company is into the manufacturing and selling of Cement with its principal office located at Gombe State in north-eastern region of Nigeria.

The group acquired 58.61% of AshakaCem on 12 September 2014 and an additional 23.85% through a Mandatory Tender Offer (MTO) for the minority shareholdings in AshakaCem Plc in January 2015. Total shareholding in AshakaCem Plc as at 31 December 2016 was 84.97% after an additional 2.51% was acquired through a Voluntary Tender Offer (VTO) in August 2016.

25 Other Assets	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Non current	4,182,933	291,765	-	-
Current	2,510,371	2,046,819	1,078,113	809,057
	<b>6,693,304</b>	<b>2,338,584</b>	<b>1,078,113</b>	<b>809,057</b>
Lucima hospital (note 25.1)	69,877	116,461	-	-
Deferred charges (note 25.2)	40,733	429,081	-	-
Take or pay receivable (Note 25.3)	4,159,640	-	-	-
Prepaid rent	719,503	-	625,747	-
Prepaid insurance	16,726	-	-	-
Prepaid expenses	1,686,825	1,793,042	452,366	809,057
	<b>6,693,304</b>	<b>2,338,584</b>	<b>1,078,113</b>	<b>809,057</b>

#### 25.1 Lucima Hospital

This amount relates to the rent/lease for 10 years for the use of Luciana Memorial Hospital. The current portion of Luciana Memorial Hospital is amortised to the profit and loss account through the prepayment account.

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Non current	23,293	69,877	-	-
Current	46,584	46,584	-	-
	<b>69,877</b>	<b>116,461</b>	<b>-</b>	<b>-</b>

#### 25.2 Deferred Charges

This amount relates to the car grants paid in advance to the employees of UNICEM in accordance with the entity's car policy and apartment rentals spanning over one year. The car grant advance relates to a period of 4 years and will be amortised accordingly.

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Non current	-	221,888	-	-
Current	40,733	207,193	-	-
	<b>40,733</b>	<b>429,081</b>	<b>-</b>	<b>-</b>

#### 25.3 Take or Pay receivable

Take or Pay receivable: Unicem has a contract with East Horizon for the supply of gas which has a take or pay clause. The take or pay receivable relates to payment made for unutilised portions as at end of the year. The take or pay receivable can be utilised in the future.

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
<b>26 Other financial assets</b>				
Other financial assets - Non current (Note 26.1)	-	9,975,000	91,732,574	18,139,971
Other financial assets - Currents (Note 27)	6,235,902	91,026	34,535,538	1,244,481
	<b>6,235,902</b>	<b>10,066,026</b>	<b>126,268,112</b>	<b>19,384,452</b>
<b>26.1 Other financial assets - Non current</b>				
Shareholder loan receivable from UNICEM (Note 27.1.1.)	-	-	14,765,549	8,164,971
Bond issued (Note 27.1.2)	-	-	60,000,000	-
Loan receivable from NCH (Note 27.1.3)	-	9,975,000	16,967,025	9,975,000
	<b>-</b>	<b>9,975,000</b>	<b>91,732,574</b>	<b>18,139,971</b>

26.1.1 Loan receivables amounting to ₦14.77 billion (inclusive of accrued interest) represents shareholder loans acquired from the buy-out of the share of Flour Mills of Nigeria Plc. (FMN) in Unicem in 2015. The shareholder loans, originally a receivable from United Cement Company of Nigeria (UNICEM) to FMN was acquired by Lafarge Africa Plc. from FMN. The shareholder loans are repayable by UNICEM to Lafarge Africa Plc at an annual interest rate of 15% (MPR 13% +2%) over a 120-month period which commenced in March 2015.

26.1.2 Loan receivable from Unicem includes the proceeds of the ₦60 billion Bond issuance given in full to Unicem. The Bond was issued in two tranches of ₦26,386,000,000 at 14.25% and ₦33,614,000,000 at interest rate of 14.75% in June 2016, maturing in 2019 and 2021 respectively.

26.1.3 Loan receivable represents a loan to Nigerian Cement Holdings (NCH) for the first tranche of the agreement to acquire additional 15% equity stake in Unicem by NCH in the sum of USD 50 million in February, 2015. The principal initially valued at ₦9,823,500,000 at inception was revalued to ₦15,225,000,000 at 31 December 2016 as a result of the exchange rate volatility. The loan is repayable at the rate of interest which is the aggregate of 6% margin and 1 year Libor for the tenth anniversary of the disbursement of the loan. Accrued interest receivable amounted to ₦581m as at year end.

**27 Other financial assets - Current**

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Fair value change on Non-Deliverable Futures (note 27.1)	3,580,378	-	3,580,378	-
Loan to related company (note 27.2)	-	-	30,422,266	-
Staff loans	17,102	-	12,739	-
Shareholder Loan-CBI Ghana (Note 27.3)	423,255	91,026	423,255	1,203,169
Receivables - AA Global (27.4)	96,900	-	96,900	41,312
NCH Loan to CBI Ghana	444,472	-	-	-
Loan receivables - LSAH (QALA)	1,673,795	-	-	-
	<b>6,235,902</b>	<b>91,026</b>	<b>34,535,538</b>	<b>1,244,481</b>



**27 Other financial assets - Current (cont'd)**

- 27.1 This represents the fair value change on Non-Deliverable Futures (NDF) transaction entered into to hedge against exchange rate volatility at the time of settlement of the USD88.4 million intercompany loan in December 2017. The intercompany loan received from Holderfin on the 28th December 2016, at an interest rate of US 1 year Libor + 7% and converted at N314/dollar was hedged with FMDQ and would be settled at N274.5/dollar. The fair value of the NDF at 31 December 2016 was N315/dollar and has thus resulted into a gain.
- 27.2 Loan to Unicem is the proceeds of the unsecured intercompany loan obtained by Lafarge Africa from Holderfin in the sum of USD 88,404,388.65 at the rate of N314/dollar totalling N27,758,978,036 given in full to Unicem for the repayment of its foreign loans. The loan was given at an interest rate of MPR + 2% per annum and the loan is repaid over a period of 3 years. These loans have been fully eliminated at the Group level.
- 27.3 This represents USD1,390,000 loan granted to CBI, Ghana in October, 2016 for the development of its grinding and related activities. The loan was given at an interest rate of LIBOR 12M + 11% (per annum) and the loan is expected to be repaid within a period of seven years with a grace period of two years commencing on September 8, 2016. The loan has been converted at CBN rate as at 31 December, 2016.
- 27.4 This represents the amount receivable as at 31 December, 2016 from a third party company following the agreement entered into to transport the company's products to and from its premises to its customers and depots.

28 Inventories	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Raw materials	6,896,112	6,690,475	3,981,719	3,136,585
Work-in-progress	1,749,043	2,087,437	166,238	285,189
Finished goods	13,092,735	6,687,538	4,915,443	2,590,785
Spare parts	18,152,316	15,050,163	11,066,682	7,599,635
Other supplies	4,640,626	2,511,703	2,434,746	2,130,708
	<b>44,530,832</b>	<b>33,027,316</b>	<b>22,564,828</b>	<b>15,742,902</b>

The cost of inventories recognised as an expense during the year in respect of continuing operations was N30.87b (FY-2015: N28.69b) and N13.08b, (FY-2015 : N16.55b) for Group and Company respectively.

**29 Trade and other receivables**

29.1 Trade receivables	Group		Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Third party sales	7,672,334	7,544,243	1,024,896	802,840
Related party sales (see Note 48.1)	-	-	895,092	1,125,933
Allowance for doubtful trade receivables (Note 29.3.1)	(95,548)	(161,616)	(71,860)	-
	<b>7,576,786</b>	<b>7,382,627</b>	<b>1,848,128</b>	<b>1,928,773</b>
29.2 Other receivables				
Advance payments to suppliers	9,947,715	6,648,337	2,756,486	1,371,083
Related companies (see Note 48)	874,251	1,624,759	16,192,680	5,198,827
Accrued interest receivable	212,181	409,681	-	-
Insurance claim receivable (a)	-	203,452	-	-
Unutilised letters of credit (b)	5,607,672	4,232,754	-	-
Other current receivables (c)	1,125,284	712,564	654,318	207,010
LT Receivable (South Africa)	7,449	-	-	-
Sundry debtors	473,845	585,131	-	-
Allowance for other doubtful receivables (Note 29.3.2)	(23,804)	(208,912)	-	-
	<b>18,224,593</b>	<b>14,207,766</b>	<b>19,603,484</b>	<b>6,776,920</b>
	<b>25,801,379</b>	<b>21,590,393</b>	<b>21,451,612</b>	<b>8,705,693</b>

## 29 Trade and other receivables (cont'd)

See Note 46.5 on credit risk of trade receivables, which explains how the Group manages and measures credit quality of trade receivables that are neither past due nor impaired quality of trade receivables that are neither past due nor impaired.

- (a) Insurance claim receivable includes amount receivable from insurance companies in respect of damaged items of mobile plant in the Group's South African operations.
- (b) This represents letters of credit already issued in respect of the expansion project in Ashaka. The project has been suspended in view of the security situation in the area.
- (c) Other current receivables comprise receivables for services (including Lafarge group fellow subsidiaries), QALA loans and other non-operating receivables."

### 29.3 Movement in allowance for doubtful receivables

#### 29.3.1 Trade receivables

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
At 1 January	161,616	73,741	-	-
Charge during the year	92,509	152,481	71,860	-
Write back during the year	(158,577)	(64,606)		
<b>At 31 December</b>	<b>95,548</b>	<b>161,616</b>	<b>71,860</b>	<b>-</b>

#### 29.3.2 Other Receivables

	Group	Company
	31/12/2016 N'000	31/12/2015 N'000
At 1 January	208,912	229,656
Write back during the year	(185,108)	(20,744)
<b>At 31 December</b>	<b>23,804</b>	<b>208,912</b>

## 30 Cash and bank balance

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Restricted cash (Note 30.1)	175,890	2,188,089	-	-
<b>Cash at banks and on hand (Note 30.2)</b>	<b>19,265,076</b>	<b>16,493,209</b>	<b>7,653,851</b>	<b>6,476,368</b>

30.1 Restricted cash represents deposit with the bank held against any default in interest payment on due dates.

30.2 Cash at banks earns interest at floating rates based on daily bank deposit rates.

*For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 31 December:*

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Cash at banks and on hand	19,265,076	16,493,209	7,653,851	6,476,368
Bank Overdrafts	(22,995,462)	(3,334,239)	(15,436,877)	(2,434,475)
<b>Cash and cash equivalents</b>	<b>(3,730,386)</b>	<b>13,158,970</b>	<b>(7,783,026)</b>	<b>4,041,893</b>

### 31 Share Capital

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Authorised: 10,000,000,000 ordinary shares of 50k each	5,000,000	5,000,000	5,000,000	5,000,000

#### Issued and fully paid

##### Ordinary shares of 50k each

	No of shares '000	Share capital N'000
At 1 January 2016	4,554,902	2,277,451
Issued during year	925,832	462,916
<b>At 31 December 2016</b>	<b>5,480,734</b>	<b>2,740,367</b>
At 1 January 2015	4,404,176	2,202,088
Issued during the year	150,726	75,363
<b>At 31 December 2015</b>	<b>4,554,902</b>	<b>2,277,451</b>

A total of 496,807,771 ordinary shares of 50k each were issued as bonus share dividend in a 1 for 10 ratio as declared at the Annual General meeting held in June, 2016.

In June 2016, Lafarge Africa acquired the remaining 50% equity share in Egyptian Cement Holdings (ECH) in a share for share exchange in which Lafarge Africa issued its 413,175,709 shares at N75/share for Holcibel's 91 shares in ECH thus resulting in 100% ownership of ECH and consequently, Nigerian Cement Holdings (NCH) and Unicem.

In August 2016, a total of 15,848,874 units (2015; 150,725,822 units) of the ordinary shares of Lafarge Africa Plc were issued to the shareholders of AshakaCem who tendered their 56,161,616 shares in total in the Voluntary Tender Offer under the same terms and conditions as the Mandatory Voluntary Offer in 2015. The ordinary shares of 50k each were issued at N56 per share (2015; N84 per share).

### 32 Share Premium

	No of shares '000	Share capital N'000
At 1 January 2016	4,554,902	186,419,988
Issued during the year	925,832	31,661,202
Transactional share issue costs	-	(304,331)
Bonus issue	-	(248,403)
<b>At 31 December 2016</b>	<b>5,480,734</b>	<b>217,528,456</b>
At 1 January 2015	4,404,176	173,997,568
Issued during the year	150,726	12,585,606
Transactional share issue costs	-	(163,186)
<b>At 31 December 2015</b>	<b>4,554,902</b>	<b>186,419,988</b>

### 32 Share Premium (cont'd)

#### OCI items, net of tax:

The disaggregation of changes of OCI by each type of reserve in equity is shown below:

	Foreign currency translation reserve N'000	Other reserves arising on business combination N'000
<b>Balance at 1 January, 2015</b>	(1,341,036)	(161,689,548)
Exchange differences on translating foreign operations	(10,986)	
Other reserves arising from business combination under common control	-	(495,563)
<b>Balance at 1 January, 2016</b>	<b>(10,156,641)</b>	<b>(162,185,111)</b>
Exchange differences on translating foreign operations	1,534	-
2.51% of Ashaka equity taken over		330,630
50% of ECH equity taken over		(95,045,470)
<b>Balance at 31 December 2016</b>	<b>(10,155,107)</b>	<b>(256,899,951)</b>

#### Foreign currency translation reserve

The foreign currency reserve covers all the foreign currency translation from both the foreign subsidiary, Lafarge South Africa; and the foreign joint venture, Qala in South Africa.

#### Other reserves arising on business combination

The Other reserves arising on business combination is used to recognise the adjustments arising from business combination for entities under common control, when the pooling of interest method has been used.

### 33 Dividend

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
33.1 Dividend payable				
Dividend declared	14,904,233	16,397,647	14,904,233	16,397,647
Payment	(1,444,821)	(12,991,527)	(1,444,821)	(12,991,527)
<b>Dividend payable</b>	<b>13,459,412</b>	<b>3,406,120</b>	<b>13,459,412</b>	<b>3,406,120</b>

Dividend payable relates to the parent company. This has remained unpaid as at year end due to foreign exchange liquidity challenges.

#### 33.2 Dividend paid

The following dividend were approved by the shareholders and subsequently paid during the year:

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
33.1 Lafarge Africa Plc	1,444,821	12,991,527	1,444,821	12,991,527
Paid to Non Controlling Interest	58,920	176,760	-	-
<b>Total</b>	<b>1,503,741</b>	<b>13,168,287</b>	<b>1,444,821</b>	<b>12,991,527</b>

### 33.3 Proposed dividend

At the Board of Directors' meeting held on March 20, 2017, the Directors proposed that a dividend of 105 kobo (2015: 300 kobo) per ordinary share would be paid to the shareholders of Lafarge Africa Plc.

The dividend is subject to approval by the shareholders at the Annual General Meeting. Consequently, it has not been included as a liability in this consolidated financial statements.

### 34 Foreign currency translation reserve

This represents exchange differences arising from the translation of the financial statements of Lafarge South Africa to the Group's reporting currency which is Naira.

### 35 Non- Controlling Interest

	Group	
	31/12/2016 N'000	31/12/2015 N'000
At 1 January	58,803,285	75,198,052
Share of profit for the year	302,786	(1,634,106)
Dividend paid	(58,920)	(176,760)
Share of UNICEM NCI share capital @ 65%	-	-
Actuarial (loss) / gain on Employees long-term benefits	-	(13,718)
Acquisition of additional 23.85% of Ashaka NCI	-	(12,225,899)
Acquisition of additional 15% of UNICEM share capital	-	(2,344,284)
50% of Unicem equity taken over	(5,677,022)	-
Conversion of debt to equity - cari cement (Note 35.2)	139,361,637	-
2.51% of Ashaka equity taken over	(1,330,490)	-
	<b>191,401,276</b>	<b>58,803,285</b>

35.1 The Non-controlling interest represent the holdings belonging to non- members of the Group in Ashaka Cement Plc and Cari Cement in NCH. This represents 15.03% and 17.54% for Ashaka in 2016 and 2015 respectively as well as 50% UNICEM in 2015. Non controlling interest at 50% in Unicem has been fully acquired in the current year.

### 35.2 Quasi-Equity included as part of the Non Controlling Interest

Included in Other reserves is the sum of NGN 139 billion in Nigerian Cement Holdings which represents USD493 million loans originally due to Holderfin B.V. but later assigned to Caricement B.V. These loans were converted to an equity instrument on July 1, 2016 with amendments to the existing loan agreements. Interest at an average interest rate of 6% on the loans is payable at the discretion of the company. The equity instrument together with the equity investments in NCH have been absorbed in Other reserves on consolidation.

### 36 Borrowings

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Non- current liability	68,046,853	135,465,180	64,014,218	5,672,992
Current liability	36,487,846	9,488,441	42,366,463	4,884,444
	<b>104,534,699</b>	<b>144,953,621</b>	<b>106,380,681</b>	<b>10,557,436</b>



36. Borrowings (cont'd)

	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
<b>Split into:</b>				
Power Fund (I)	6,332,944	7,057,436	6,332,944	7,057,436
Bond (ii)	59,065,718	-	59,065,718	-
Loan from Caricement B.V. (iii)	197,925	-	197,925	-
FBN Promissory Notes (v)	4,364,958	-	4,364,958	-
Related party loan (vi)	27,531,899	-	33,919,136	3,500,000
Preference share loans (vii)	1,751,574	1,641,504	-	-
Shareholders' loans (viii)	-	54,345,861	-	-
Bank loans (ix)	5,289,681	81,908,820	2,500,000	-
<b>Total Debt</b>	<b>104,534,699</b>	<b>144,953,621</b>	<b>106,380,681</b>	<b>10,557,436</b>

- i. Power Fund: Lafarge Africa Plc accessed NGN12.46billion from the CBN/BOI Power and Aviation Intervention Fund. Principal and Interest are paid quarterly. The loan is secured by the assets of the company as per note 18. Principal repayment commenced in October 2012. The facility has a 10-year tenure with a fixed interest rate of 7% and an effective interest rate of 8.7%. The outstanding balance disclosed is the amortised cost to date.
- ii. Bond: By a resolution dated 17th March 2016, the Board of Directors resolved to raise the sum of ₦60,000,000,000 in two tranches of ₦26,386,000,000 and ₦33,614,000,000 at 14.25% and 14.75% maturing in 2019 and 2021 respectively.
- iii. Loan from Caricement B.V.: This represents short term funds in the sum of USD650,000 received in December 2016, at an interest rate of 1 year USD Libor + 4.63%. This has been revalued at year end.
- v. Promissory notes: These are promissory notes due to First Bank of Nigeria Plc for 90 days with varying maturity dates ending March 2017 at interest rate of 18% per annum.
- vi. Related party loan: This largely represents inflow of USD88,404,388.65 at ₦314/dollar amounting to ₦27,758,978,036 obtained from Holderfin B.V. on December 28, 2016 at an interest rate of Libor +7% per annum for one year. This has subsequently been revalued at the Central Bank of Nigeria rate. The total amount received was used to repay the syndicated loans in Unicem. Balance outstanding as at year end at Group level largely represents outstanding loans in Nigerian Cement Holdings.

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
AshakaCem Plc	-	-	7,000,000	3,500,000
Caricement B.V.	27,363,608	-	26,919,136	-
Holderffin Netherland	168,291	-	-	-
	<b>27,531,899</b>	<b>-</b>	<b>33,919,136</b>	<b>3,500,000</b>

- vii. Preference share loans: Additional information about the preference share loans from Lafarge South Africa is provided below:

			Group	
	Maturity date on demand	Nominal Interest rate %	31/12/2016 N'000	31/12/2015 N'000
<b>Secured loans</b>				
Nedbank "A" Preference shares (Secured)	2016 and redeemable on a 6 monthly basis from dividend income	At 65% of prime	1,499,455	1,397,209
Nedbank "C" Preference shares (Secured)	2017 and redeemable in December	At 69% of prime	252,119	114,658
ABSA Preference share (Secured)	2017 and redeemable on a 6 monthly instalment of various amounts	At 88% of prime	-	129,637
			<b>1,751,574</b>	<b>1,641,504</b>

### 36 Borrowings (cont'd)

Type of Loan				Group		
viii	SHAREHOLDERS LOANS	Currency	Nominal Interest rate	Secured/Unsecured	31/12/2016 N'000	31/12/2015 N'000
	Nigerian Cement Holding B.V. - Principal	USD	5.7%	Unsecured	-	26,809,883
	Nigerian Cement Holding B.V. - Interest	USD		Unsecured	-	9,419,367
	Holderfin Loan Principal (USD)	USD	5.7%	Unsecured	-	13,211,138
	Holderfin Loan Interest (USD)	USD		Unsecured	-	372,704
	NCH Others (Non interest bearing)	USD		Unsecured	-	4,532,769
	<b>Total</b>				<b>-</b>	<b>54,345,861</b>

Type of Loan				Group		
ix	BANK LOANS	Currency	Nominal Interest rate	Secured/Unsecured	31/12/2016 N'000	31/12/2015 N'000
	Guaranty Trust Bank Plc	Naira	15.57%	Secured	-	18,500,000
	GT/BOI	Naira	4.00%	Secured	2,253,682	1,976,888
	Current portion of GTB/BOI loan	Naira	4.00%	Secured	527,800	-
	Accrued interest on BOI loan	Naira		Secured	8,199	-
	Zenith Bank Plc	USD	7.53%	Secured	-	8,216,088
	Zenith Bank Plc	Naira	15.57%	Secured	-	11,858,752
	First Bank Plc	Naira	14.00%	Secured	-	15,295,084
	First Bank Plc	USD	7.53%	Secured	-	3,587,184
	Ecobank Plc	Naira	15.57%	Secured	-	7,012,205
	Ecobank Plc	USD	7.53%	Secured	-	2,979,994
	UBA Plc	Naira	15.57%	Secured	-	10,333,959
	UBA Plc	USD	7.53%	Secured	-	2,148,666
	Standard chartered bank	Naira		Secured	2,500,000	-
	<b>Total debt</b>				<b>5,289,681</b>	<b>81,908,820</b>

#### Loan Movements

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
At 1 January	144,953,621	118,906,789	10,557,436	10,441,880
Additions:				
Loan received	94,632,705	20,707,764	100,047,737	1,500,000
	239,586,326	139,614,553	110,605,173	11,941,880
Third party loan repaid	(81,446,013)	(1,888,180)	(4,884,444)	(1,384,444)
Exchange gain/ (loss)	(53,409,114)	7,227,248	659,952	-
At 31 December 2016	104,731,199	144,953,621	106,380,681	10,557,436
Less than one year	36,487,846	9,488,441	42,169,963	4,884,444
Between one and two years	2,491,247	67,748,773	1,384,444	1,384,444
Between two to five years	6,315,720	39,123,232	4,153,332	4,153,332
After five years	59,436,386	28,593,175	58,672,942	135,216
	<b>104,731,199</b>	<b>144,953,621</b>	<b>106,380,681</b>	<b>10,557,436</b>

37 Provision	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Non current	2,448,365	2,576,567	563,468	792,578
Current	1,176,910	1,864,197	841,526	1,503,290

### 37.1 Non current

#### Site restoration cost

<b>At 1 January</b>	2,576,567	2,618,190	792,578	742,123
Arising during the year	423,414	389,160	151,760	41,775
Payment/ Utilised	-	(71,194)	-	(71,194)
Change in estimate	(775,925)	(6,046)	(443,032)	
Unwinding of discount and changes in the discount rate	123,728	114,401	62,162	79,874
Exchange difference	100,581	(467,944)	-	
<b>At 31 December</b>	<b>2,448,365</b>	<b>2,576,567</b>	<b>563,468</b>	<b>792,578</b>

The provision for site restoration represents an estimate of the costs involved in restoring production sites at the end of the expected life of the quarries. The current provision is an estimate based on reclamation closure expert valuation and management's re-assessment.

### 37.2 Provisions - current

Group	Employee Profit Share Scheme (Note 37.2.1) N'000	Productivity Bonus (Note 37.2.2) N'000	Total N'000
<b>At January 1 2015</b>	710,010	623,763	1,333,773
Expense for the period	887,404	1,236,559	2,123,963
Payment	(712,428)	(762,613)	(1,475,041)
Exchange difference	-	(118,498)	(118,498)
<b>At December 31 2015</b>	<b>884,986</b>	<b>979,211</b>	<b>1,864,197</b>
Expense for the period	491,062	1,227,899	1,718,961
Reversal of provision no longer required	(144,857)	(119,857)	(264,714)
Payment	(1,231,191)	(937,511)	(2,168,702)
Exchange differences	-	27,168	27,168
<b>At 31 December 2016</b>	<b>-</b>	<b>1,176,910</b>	<b>1,176,910</b>
<b>Company</b>	<b>Employee Profit Share Scheme N'000</b>	<b>Productivity Bonus N'000</b>	<b>Total N'000</b>
<b>At January 1 2015</b>	710,010	207,461	917,471
Expense for the period	887,404	772,850	1,660,254
Payment	(712,428)	(362,007)	(1,074,435)
<b>At December 31 2015</b>	<b>884,986</b>	<b>618,304</b>	<b>1,503,290</b>
Expense for the period	491,062	878,543	1,369,605
Reversal of provision no longer required	(144,857)	(119,857)	(264,714)
Payment	(1,231,191)	(535,464)	(1,766,655)
<b>At 31 December 2016</b>	<b>-</b>	<b>841,526</b>	<b>841,526</b>

37.2.1 Employee profit share scheme is based on 2.5% of profit after tax. The scheme was discontinued in December, 2015

37.2.2 The productivity bonus provision is based on employee performance during the year. It is payable in the following year.

### 38 Deferred revenue

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Opening balance	2,368,466	2,603,184	782,704	812,808
Grant released to profit or loss (note 10)	(579,075)	(234,718)	(30,104)	(30,104)
	<b>1,789,391</b>	<b>2,368,466</b>	<b>752,600</b>	<b>782,704</b>
Current	234,718	234,718	30,104	30,104
Non-current	1,554,673	2,133,748	722,496	752,600
	<b>1,789,391</b>	<b>2,368,466</b>	<b>752,600</b>	<b>782,704</b>

The deferred revenue is as a result of the benefit received from a below-market-interest rate government loan (CBN/BOI Power and Aviation Intervention Fund loan) granted in July 2011. The revenue is recognized in profit or loss over the useful life of the asset financed with the loan.

### 39 Employee benefit obligations

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
<b>Non current</b>				
Employee Long Service Award Scheme (Note 39.1)	1,157,953	417,772	741,775	417,772
Define Contribution Plan - Pension (Note 39.2)	2,622,209	7,124,573	838,532	4,576,862
	<b>3,780,162</b>	<b>7,542,345</b>	<b>1,580,307</b>	<b>4,994,634</b>

#### 39.1 Employee Long Service Award Scheme

The amount arises from the Group's obligations in respect of its employee long service award schemes as follows:

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Non current				
At 1 January	417,772	-	417,772	-
Service cost	454,401	450,203	55,724	450,203
Interest cost	61,077	28,937	48,927	28,937
Plan amendment	276,642	-	243,538	-
<b>Remeasurement losses:</b>	-	-	-	-
Remeasurement (gains)/ losses – Change in assumptions	31,523	(10,728)	7,198	(10,728)
Remeasurement (gains) – experience adjustment	(58,360)	(1,252)	(7,081)	(1,252)
Benefits paid	(25,102)	(49,388)	(24,303)	(49,388)
	<b>1,157,953</b>	<b>417,772</b>	<b>741,775</b>	<b>417,772</b>

#### Key assumptions

The key actuarial assumptions used in arriving at the cost of the health care benefits are as follows:

## Financial assumptions

	31/12/2016	31/12/2015
	N'000	N'000
Discount rate (p.a)	9.2%	9.20%
Medical Inflation (Year 1 to Year 3)	8.7%	8.70%
Salary inflation (p.a)	7.6%	7.60%
Normal retirement age	63 years	63 years

### 39.2 Defined benefit plan

#### Lafarge South Africa Holdings (Pty) Limited

The entity provides for health care and gratuity benefits of retired employees and their eligible dependants. The benefits apply only to qualifying employees who were in the employment of the company at the end of 1995. The cost of the benefits is actuarially determined and included in the profit or loss over the employees' working lives.

#### Defined benefit plan - End of service benefits

At 31 December 2015, the Group discontinued the gratuity scheme for all qualifying staff apart from the South African operations.

#### Lafarge Africa Plc

The plans had two components: the "Normal" gratuity for all exiting employees with service of 5 years and above, and an additional "In-house" gratuity for employees above 50 years of age and service of above 10 years. The retirement age is 55 and no other post-retirement benefits are provided to these employees. This is a non-funded benefit scheme as the obligation is paid as and when due. The "in house" gratuity will be paid to qualifying staff on exit. However, no further liability will be incurred as from 31 December 2015. Subsequent to the closure of the scheme, the remaining liability has been reclassified to other creditors (Note 41).

#### Defined contribution plan – Pension

The employees of the Nigerian entities (Lafarge Africa Plc, Readymix Nigeria Limited, Unicem, Ashaka Cement Plc and Atlas Cement Nigeria Limited) are members of a state arranged Pension scheme (Pension reform act, 2014) operated by the government but 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 to the third party organizations, which are responsible for the financial and administrative management of the funds. Lafarge South Africa facilitate and contribute to the provision of retirement benefits for all permanent employees in accordance with the South African Pension Funds Act, 1956. The balance represents statutory deductions yet to be remitted to statutory authorities.

The pension costs of these plans, corresponding to the contribution paid, are expensed as incurred.



### 39 Employee benefit obligations

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

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Service cost	25,236	771,321	-	378,822
Net interest expense	255,677	921,314	99,313	552,888
Plan Amendment	(1,192,697)	-	(972,623)	-
Curtailement (gains)/ losses	87,471	558,806	64,910	558,806
Components of defined benefit costs recognised in profit or loss	<b>(824,313)</b>	<b>2,251,441</b>	<b>(808,400)</b>	<b>1,490,516</b>

39.4 Amounts recognised in other comprehensive income are as follows:

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Remeasurement (gains) losses	(221,808)	(40,992)	(66,821)	-
Components of defined benefit costs recognised in Other comprehensive income	<b>(221,808)</b>	<b>(40,992)</b>	<b>(66,821)</b>	<b>-</b>
<b>Total</b>	<b>(1,046,121)</b>	<b>2,210,449</b>	<b>(875,221)</b>	<b>1,490,516</b>

The amount included in the statement of financial position arising from the Group's obligations in respect of its defined benefit obligation schemes is as follows:

39.5 Movements in the present value of defined benefit obligations were as follows:

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
At 1 January	7,124,573	8,978,940	4,576,862	3,833,426
Service cost	25,236	771,321	-	378,822
Interest cost	255,677	921,314	99,313	552,888
Plan Amendment	(1,192,697)	-	(972,623)	-
Curtailement (gains)/ losses	87,471	558,806	64,910	558,806
<b>Remeasurement losses:</b>				
Actuarial (gains)/ losses – Change in assumptions	(249,727)	(33,501)	(94,740)	-
Actuarial (gains)/ losses – experience adjustment	27,919	(7,491)	27,919	-
Benefits paid	(3,568,673)	(3,504,861)	(2,863,109)	(747,080)
Exchange difference	112,430	(559,955)	-	-
	-	-	-	-
<b>At 31 December</b>	<b>2,622,209</b>	<b>7,124,573</b>	<b>838,532</b>	<b>4,576,862</b>

39. Employee benefit obligations (cont'd)

Reconciliation of change in Benefit obligation

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Net liability beginning of period	7,124,573	8,978,940	4,576,862	3,833,426
Net periodic pension cost (Profit or loss)	(824,313)	2,251,441	(808,400)	1,490,516
Benefits paid during the year	(3,568,673)	(3,504,861)	(2,863,109)	(747,080)
Amount recognised in other comprehensive income	(221,808)	(40,992)	(66,821)	-
Exchange difference	112,430	(559,955)	-	-
	-	-	-	-
<b>Net liability end of period</b>	<b>2,622,209</b>	<b>7,124,573</b>	<b>838,532</b>	<b>4,576,862</b>

39.6 A quantitative sensitivity analysis for significant assumptions as at 31 December is, as shown below:

Assumptions for the Company	2016 N'000
Discount rate	
0.5% increase	824,614
0.5% decrease	852,942
<b>Mortality experience</b>	
Age rated up by 1 year	837,233
Age rated down by 1 year	839,695

The following payments are expected contributions to the defined benefit plan in future years:

	2016 N'000
Within the next 12 months (next annual reporting period)	230,014,386
Between 2 and 5 years	569,972,503
Between 6 and 10 years	508,374,818
Beyond 10 years	361,932,481
<b>Total</b>	<b>1,670,294,188</b>

40. Other long term liabilities

	Group	
	31/12/2016 N'000	31/12/2015 N'000
LG PTY*	1,720,963	389,568
Gypsum LI Division*	-	759,997
	1,720,963	1,149,565
	<b>1,720,963</b>	<b>1,149,565</b>

\* This amount is due to Lafarge Gypsum - which is now directly owned by Financiere Lafarge (FLAF) in Paris - resulted from Lafarge Treasury collecting the proceeds from the ultimate disposal of the Gypsum Net Assets to Etex in November. These 'surplus' funds will be used to enable LG Pty to refund the Loan granted to it by FLAF.

#### 41 Trade and other payables

Trade payables	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Trade payables	50,471,370	49,298,075	14,225,759	21,075,395
Technical fee (Note 41.1)	9,885,443	7,052,288	5,871,729	3,346,582
	<b>60,356,813</b>	<b>56,350,363</b>	<b>20,097,488</b>	<b>24,421,977</b>
<b>Other payables</b>				
Customers' deposits	12,862,579	9,299,282	6,041,157	6,386,585
Related companies (see Note 47.2)	12,300,754	1,864,542	1,827,377	488,084
Withholding tax payable	2,337,552	1,461,352	946,439	790,246
Value added tax payable	1,656,297	1,630,250	1,184,889	1,074,927
Accrued interest	1,185,234	1,225,392	1,159,031	760,452
Other employee costs	517,903	999,100	268,372	302,768
Advance rent received	1,887	3,587	1,887	3,587
Professional fees	386,625	24,280	106,962	18,680
Accruals	7,455,509	1,547,603	8,264,138	444,818
Tripartite Guarantee (Note 41.2)	196,500	-	196,500	-
Sharebased payment (Note 41.3)	74,310	165,997	-	-
Other creditors	1,476,403	439,851	-	-
	<b>40,451,553</b>	<b>18,661,236</b>	<b>19,996,752</b>	<b>10,270,147</b>
	<b>100,808,366</b>	<b>75,011,599</b>	<b>40,094,240</b>	<b>34,692,124</b>

##### 41.1 LafargeHolcim Technical fee

This represents the outstanding liability on the Industrial Franchise Agreement with LafargeHolcim of Switzerland. The terms of the agreements include:

The right for Lafarge Africa Plc to use technical research and development information relating to production and distribution of cement products;

The provision by LafargeHolcim of technical and operational support through the secondment of suitably qualified expatriate personnel, as requested by Lafarge Africa Plc and approved by the Federal Government of Nigeria; The guarantee by LafargeHolcim of the achievement of raw material reserves and production targets by Lafarge Africa Plc.

##### 41.2 Tripartite Agreement

In November 2016, a tripartite agreement was reached between Richbon Nigeria Limited, Tetralog Nigeria Limited and Lafarge Africa Plc (LAP) in which LAP will pay a total sum of N367,500,000 for the sale of 40 flatbed trailers by Richbon Nigeria Limited to Tetralog Nigeria Limited within five monthly equal instalments. LAP will recover the cost of purchase from Tetralog Nigeria Limited in six months from November 2016 to April 2017 at no interest rate. The flat bed trailers are being used by Tetralog to transport Unicem's products to its customers.

##### 41.3 Cash settled share based payments

The employee share option scheme is a bonus scheme whereby bonuses are computed based on performance criteria of respective companies under Lafarge South Africa Holdings (Pty) Limited. Vesting of the share options is dependent on the Group's total shareholder return (TSR) as compared to a group of principal competitors. Employees must remain in service for a period of four years from the date of grant.

#### 41.3 Cash settled share based payments (cont'd)

The fair value of share options granted is estimated at the date of grant using a Black & Scholes model, taking into account the terms and conditions on which the share options were granted. The model calculates the TSR. It takes into account historical and expected dividends, and the share price volatility of the Group relative to that of its competitors so as to predict the share performance.

The exercise price of the share options is equal to the market price of the underlying shares on the date of grant. The contractual term of the share options is four years and there are no cash settlement alternatives for the employees. The Group does not have a past practice of cash settlement for these awards. The employee share incentive scheme was valued by a professional valuator in terms of IFRS 2: Share-based Payment, which requires that the cost of this scheme to the group is amortised over the life of the scheme to its vesting date. The grant date was 1 March 2012 and the value below represents the amortisation accrued to the year-end. The key assumptions used were as follows:

	<b>2016</b>	<b>2015</b>
Share volatility	27%	27%
Dividend growth	3.70%	3.70%
Forfeiture rate	5% to 11% depending on trusts	5% to 11% depending on trusts

#### 42 Reconciliation of cash flows changes in working capital

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Increase in inventories	(11,503,516)	(1,482,256)	(6,821,926)	(518,162)
Increase in trade and other receivables	(4,210,986)	(1,760,201)	(12,745,919)	(991,409)
(Increase)/decrease in other assets	(448,756)	1,544,099	(269,056)	(809,057)
Increase in other financial assets	(6,144,876)	(91,026)	(33,291,057)	(1,244,481)
Increase in trade and other payables	25,796,767	7,548,432	5,402,116	3,957,588
	<b>3,488,633</b>	<b>5,759,048</b>	<b>(47,725,842)</b>	<b>394,479</b>
	<b>3,488,633</b>	<b>5,759,048</b>	<b>(47,725,842)</b>	<b>394,479</b>

#### 43 Commitments for expenditure

Capital expenditure contracted for at the reporting period end but not recognised in the financial statements is as follows:

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
<b><u>Capital expenditure commitments</u></b>				
Approved but not yet contracted for	179,439	176,623	-	-
	<b>179,439</b>	<b>176,623</b>	<b>-</b>	<b>-</b>
<b><u>Operating expenditure commitments</u></b>				
Commitments for the supply of gas (Note 43.1)	506,457,311	353,433,562	506,457,311	353,433,562
Commitments for the supply of power (Note 43.2)	8,918,387	2,489,578	8,918,387	2,489,578
Other commitments: Non-cancelable operating lease commitment	763,781	1,079,344	-	-
	<b>516,139,479</b>	<b>357,002,484</b>	<b>515,375,698</b>	<b>355,923,140</b>

- 43.1 This represents the Take or Pay commitment for the supply of gas on a monthly basis to the plants for a period of 20 years with effect from October, 2011.
- 43.2 Commitments for the supply of power represents the fixed cost commitment on a monthly basis for the supply of power to the Shagamu plant for ten years starting in 2011.

#### 44 Contingent liabilities

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
<b><u>Lafarge Africa Plc</u></b>				
Various litigations (a)	197,879	196,283	197,879	17,730
<b><u>Lafarge South Africa Holdings Limited</u></b>				
Suretyship on sub-contractors vehicles (b)	-	848,212	-	-
Suretyship to Standard Bank on overdraft	148,100	128,800	-	-
Utilities guarantees (c)	467,063	236,863	-	-
Rehabilitation guarantees (d)	427,728	418,574	-	-
	<b>1,240,770</b>	<b>1,828,732</b>	<b>197,879</b>	<b>17,730</b>

- (a) The Directors are of the opinion that it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Thus the possible obligation has not been provided for in the financial statements.
- (b) The group stands surety for the financing of subcontractor trucks for lorry owner drivers at several financing institutions being mainly Standard Bank Limited and Mercedes-Benz Financial Services South Africa (Proprietary) Limited.
- (c) The utilities guarantees are for the benefit of various municipalities and are held with numerous financial institutions.
- (d) These guarantees are with Rand Merchant Bank Limited held on behalf of the Department of Mineral Resources.

#### 45 Operating lease arrangements

Operating lease payments charged to income by Lafarge South Africa Holdings Limited:

	Group	
	31/12/2016 N'000	31/12/2015 N'000
Land and buildings	262,537	276,259
Plant and machinery	159,904	182,029
Other tangible assets	96,739	99,991
	<b>519,180</b>	<b>558,279</b>

Operating land and building lease commitments represent rentals payable by the Group for certain of its office properties. The key replacement lease for the Group headquarters, commencing towards the end of 2010, is for a ten-year period, with an escalation clause of 10% per annum. The costs of these leases are expensed on a straight-line basis over the period of the leases when fixed escalation clauses are stipulated.

Future minimum rentals payable under non-cancellable operating leases as at 31 December are, as follows:

	31/12/2016 N'000	31/12/2015 N'000
Within one year	981,429	735,854
After one year but not more than five years	1,502,282	1,389,747
More than five years	918,753	-
	<b>3,402,464</b>	<b>2,125,601</b>



## 46 Financial risk management

### 46.1 Capital management

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support its operations. The Group's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Group also holds available for sales financial assets. The Group manages its capital to ensure that entities will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (which includes the borrowings disclosed in note 27, offset by cash and cash equivalents) and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the relevant notes in the financial statements.

The Group is not subject to any externally imposed capital requirements.

The management of the Group reviews the capital structure on a frequent basis to ensure that gearing is within acceptable limit.

#### Gearing ratio

The gearing ratio at the year end is as follows:

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Borrowings	127,530,161	148,287,860	121,817,558	12,991,911
Less: Cash and cash equivalents	(19,265,076)	(16,493,209)	(7,653,851)	(6,476,368)
<b>Net debt</b>	<b>108,265,085</b>	<b>131,794,651</b>	<b>114,163,707</b>	<b>6,515,543</b>
Equity	248,952,548	176,151,730	340,094,143	302,601,869
<b>Gearing</b>	<b>43.5%</b>	<b>74.8%</b>	<b>33.6%</b>	<b>2.2%</b>

- i. Debt is defined as current- and non-current term borrowings (as described in note 36)
- ii. Equity includes all capital and reserves of the Group that are managed as capital.

### 46.2 Financial risk management objectives

The Corporate Investment and 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 through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit and liquidity risk.

The Group seeks to minimise the effects of these risks by aligning to parent company's policies as approved. The Group does not enter into or trade financial instruments for speculative purposes.

Compliance with policies and established controls is reviewed by the internal auditors on a continuous basis.

#### 46.2 Financial risk management objectives (cont'd)

The Corporate Investment and Treasury function reports monthly to the executive committee and periodically to the Risk and Ethics committee of the Board of Directors, for monitoring and implementation of mitigating policies.

The Internal Audit Department provides an independent assurance of the risk frame work. They assess compliance with established controls and recommendations for improvement in processes are escalated to relevant management, Audit Committee and Board of Directors.

#### 46.3 Market risk

The Group's activities expose it primarily to financial risks of changes in foreign currency exchange rates and interest rates. Market risks exposures are measured using sensitivity analysis.

There has been no change to the Group's exposure to market risks or the manner in which these risks are managed and measured.

#### 46.4 Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Group is mainly exposed to USD.

##### Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 21%, increase and decrease in Naira against US dollar currency. Management believes that a 21% movement in either direction is reasonably possible at the 31 December 2016. The sensitivity analyses below include outstanding US dollar denominated assets and liabilities. A positive number indicates an increase in profit where Naira strengthens by 21% against the US dollar. For a 21% weakening of Naira against the US dollar there would be an equal and opposite impact on profit, and the balances below would be negative.

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Naira strengthens by 21% against US dollar	540,842	395,723	133,176	334,677
Naira weakens by 21% against the US dollar	(540,842)	(395,723)	(133,176)	(334,677)

#### 46.5 Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

##### Trade receivables

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available, and if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 21. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the executive committee periodically.

#### 46.5 Credit risk management (cont'd)

As at 31 December, the ageing analysis of trade receivables is, as follows:

##### Group

	Total N'000	Neither past due nor impaired N'000	Past due but not impaired		
			31 - 60 days N'000	60 - 90 days N'000	Over 90 days N'000
2016	7,576,786	7,182,684	257,399	63,491	73,212
2015	7,382,627	6,816,731	393,948	87,636	84,312

##### Company

	Total N'000	Neither past due nor impaired N'000	Past due but not impaired		
			31 - 60 days N'000	60 - 90 days N'000	Over 90 days N'000
2016	1,848,128	1,848,128			
2015	1,928,773	1,928,773			

The average credit period on sales of goods is 30 days. No interest is charged on trade receivable by the Group.

Before accepting any new customer, the Group uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed twice a year. All trade receivables recorded as at the reporting date are neither past due nor impaired and all customers in this category have the best credit scoring attributable under the external credit scoring system used by the Group.

The Group does not have a single customer with a contribution of more than 5% of the total balance of trade receivables.

#### 46.5 Credit risk management

##### Collateral held as security and other credit enhancements

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

##### Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group and Company manage 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 table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

**Group**

Year ended 31 December 2016	On demand	Less than 1 year	1 year and above	Total
	N'000	N'000	N'000	N'000
Interest-bearing loans and borrowings	36,487,846	-	68,046,853	104,534,699
Trade and other payables**	-	96,812,630	-	96,812,630
	<u>36,487,846</u>	<u>96,812,630</u>	<u>68,046,853</u>	<u>201,347,329</u>
Year ended 31 December 2015	On demand	Less than 1 year	1 year and above	Total
	N'000	N'000	N'000	N'000
Interest-bearing loans and borrowings	9,488,441	-	135,465,180	144,953,621
Trade and other payables**	-	71,916,410	-	71,916,410
	<u>9,488,441</u>	<u>71,916,410</u>	<u>135,465,180</u>	<u>216,870,031</u>

\* Based on the maximum amount that can be called for under the financial guarantee contract

\*\*Trade and other payables excludes withholding tax payable, value added tax payable and advance rent received.

**Company**

**Group**

Year ended 31 December 2016	On demand	Less than 1 year	1 year and above	Total
	N'000	N'000	N'000	N'000
Interest-bearing loans and borrowings	42,366,463	-	64,014,218	106,380,681
Trade and other payables**	-	37,961,025	-	37,961,025
	<u>42,366,463</u>	<u>37,961,025</u>	<u>64,014,218</u>	<u>144,341,706</u>
Year ended 31 December 2015	On demand	Less than 1 year	1 year and above	Total
	N'000	N'000	N'000	N'000
Interest-bearing loans and borrowings	4,884,444	-	5,672,992	10,557,436
Trade and other payables**	-	32,823,364	-	32,823,364
	<u>4,884,444</u>	<u>32,823,364</u>	<u>5,672,992</u>	<u>43,380,800</u>

\* Based on the maximum amount that can be called for under the financial guarantee contract

\*\*Trade and other payables excludes withholding tax payable, value added tax payable and advance rent received.

#### 46.6 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market interest rates. The Group is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating borrowings. The sensitivity analyses below have been determined based on the exposure to interest rates for borrowings at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. 200 and 1500 basis points increase or decrease are used when reporting LIBOR and NIBOR risk respectively to key management personnel and these represent management's assessment of the reasonably possible change in interest rates.

#### 46.6 Interest rate risk (cont'd)

If interest had been 100 basis points higher/lower and all other variables were held constant, the Group and Company's profit or loss will be affected as follows:

	Group		Company	
	Dec-16 N'000 Profit/(Loss)	Dec-15 N'000 Profit/(Loss)	Dec-16 N'000 Profit/(Loss)	Dec-15 N'000 Profit/(Loss)
Finance cost on borrowings- annual	<u>93,123</u>	<u>93,123</u>	<u>15,874</u>	<u>15,874</u>

#### 46.7 Fair value of financial instruments

The directors believe that the book value of the financial assets and liabilities are not materially different from the fair value.

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
<b>Book Value</b>				
<b>Financial Asset</b>				
Trade and other receivables	25,801,379	21,590,393	21,451,612	8,705,693
Available for sale financial assets	5,928	5,526	-	-
Other financial assets	10,418,835	382,791	34,535,538	1,244,481
Bank balances	<u>19,265,076</u>	<u>16,493,209</u>	<u>7,653,851</u>	<u>6,476,368</u>
<b>Financial Liabilities</b>				
Trade and other payables**	(96,812,630)	(71,916,410)	(37,961,025)	(32,823,364)
Bank overdraft	(22,995,462)	(3,334,239)	(15,436,877)	(2,434,475)
Borrowings	<u>(104,534,699)</u>	<u>(144,953,621)</u>	<u>(106,380,681)</u>	<u>(10,557,436)</u>
<b>Fair value</b>				
<b>Financial Asset</b>				
Trade and other receivables	25,801,379	23,728,238	57,065,263	10,759,231
Other financial assets	10,418,835	382,791	34,535,538	1,244,481
Bank balances	<u>19,265,076</u>	<u>16,493,209</u>	<u>7,653,851</u>	<u>6,476,368</u>
<b>Financial Liabilities</b>				
Trade and other payables**	(96,812,630)	(71,916,410)	(37,961,025)	(32,823,364)
Bank overdraft	(22,995,462)	(3,334,239)	(15,436,877)	(2,434,475)
Borrowings	<u>(108,617,615)</u>	<u>(144,953,621)</u>	<u>(110,463,597)</u>	<u>(10,557,436)</u>

The book and the fair value of the trade and other receivables, other financial assets, trade and other payables is expected to be the same due to their short term maturities

The amortised cost and the fair value of the borrowings approximate themselves.

\*\*Trade and other payables excludes withholding tax payable, value added tax payable and advance rent received.



#### 47 Fair value measurement

##### Group

Fair value measurement hierarchy for liabilities as at 31 December 2016:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets measured at fair value:</b>					
<b>Assets for which fair values are disclosed (Note 46.7):</b>					
<b>Loan and receivables</b>					
ShareHolder Loan-CBI Ghana	31-Dec-16	423,255	-	423,255	-
Receivables - AA Global	31-Dec-16	96,900	-	96,900	-
NCH Loan to CBI Ghana	31-Dec-16	444,472	-	444,472	-
Loan receivables - LSAH (QALA)	31-Dec-16	1,673,795	-	1,673,795	-
Staff short term loans	31-Dec-16	17,102	-	17,102	-
<b>Liabilities for which fair values are disclosed (Note 46.7):</b>					
<b>Interest-bearing loans and borrowings:</b>					
Power Fund	31-Dec-16	6,332,944	-	6,332,944	-
Bond	31-Dec-16	59,065,718	-	59,065,718	-
Loan from Caricement B.V.	31-Dec-16	197,925	-	197,925	-
Tripartite Guarantee	31-Dec-16	196,500	-	196,500	-
FBN Promissory Notes	31-Dec-16	4,364,958	-	4,364,958	-
Related party loan	31-Dec-16	27,531,899	-	27,531,899	-
Preference share loans	31-Dec-16	1,751,574	-	1,751,574	-
Bank loans	31-Dec-16	5,289,681	-	5,289,681	-

There were no transfers between Level 1 and Level 2 during 2016.

Fair value measurement hierarchy for liabilities as at 31 December 2015:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets measured at fair value:</b>					
<b>Assets for which fair values are disclosed (Note 46.7):</b>					
<b>Loan and receivables</b>					
ShareHolder Loan-CBI Ghana	31-Dec-15	91,026	-	91,026	-
Loan receivable from NCH	31-Dec-15	9,975,000	-	9,975,000	-
<b>Liabilities for which fair values are disclosed (Note 46.7):</b>					
<b>Interest-bearing loans and borrowings:</b>					
Power Fund	31-Dec-15	7,057,436	-	7,057,436	-
Preference share loans	31-Dec-15	1,641,504	-	1,641,504	-
Shareholders' loans	31-Dec-15	54,345,861	-	54,345,861	-
Bank loans	31-Dec-15	81,908,820	-	81,908,820	-

There were no transfers between Level 1 and Level 2 during 2015.

47 Fair value measurement  
Company

Fair value measurement hierarchy for liabilities as at 31 December 2016:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets measured at fair value:</b>					
<b>Assets for which fair values are disclosed (Note 46.7):</b>					
<b>Loan and receivables</b>					
Shareholder loan receivable from UNICEM		14,765,549	-	14,765,549	-
Bond issued		60,000,000	-	60,000,000	-
Loan receivable from NCH	31-Dec-16	16,967,025	-	16,967,025	-
Loan to related company	31-Dec-16	30,422,266	-	30,422,266	-
ShareHolder Loan-CBI Ghana	31-Dec-16	423,255	-	423,255	-
Receivables - AA Global	31-Dec-16	96,900	-	96,900	-
Staff short term loans	31-Dec-16	12,739	-	12,739	-
<b>Liabilities for which fair values are disclosed (Note 46.7):</b>					
<b>Interest-bearing loans and borrowings:</b>					
Power Fund	31-Dec-16	6,332,944	-	6,332,944	-
Bond	31-Dec-16	59,065,718	-	59,065,718	-
Loan from Caricement B.V.	31-Dec-16	197,925	-	197,925	-
Tripartite Guarantee	31-Dec-16	196,500	-	196,500	-
FBN Promissory Notes	31-Dec-16	4,364,958	-	4,364,958	-
Related party loan	31-Dec-16	33,919,136	-	33,919,136	-
Bank loans	31-Dec-16	2,500,000	-	2,500,000	-

There were no transfers between Level 1 and Level 2 during 2016.

Fair value measurement hierarchy for liabilities as at 31 December 2015:

	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets measured at fair value:</b>					
<b>Assets for which fair values are disclosed (Note 46.7):</b>					
<b>Loan and receivables</b>					
Shareholder loan receivable from UNICEM		8,164,971	-	8,164,971	-
Loan receivable from NCH	31-Dec-15	9,975,000	-	9,975,000	-
ShareHolder Loan-CBI Ghana	31-Dec-15	1,203,169	-	1,203,169	-
Receivables - AA Global	31-Dec-15	41,312	-	41,312	-
<b>Liabilities for which fair values are disclosed (Note 46.7):</b>					
<b>Interest-bearing loans and borrowings:</b>					
Power Fund	31-Dec-15	7,057,436	-	7,057,436	-
Related party loan	31-Dec-15	3,500,000	-	3,500,000	-

There were no transfers between Level 1 and Level 2 during 2015.

## 48 Related parties

### Related party transactions

The ultimate parent of the Group is LafargeHolcim, incorporated in Switzerland. There are other companies which are related to Lafarge Africa Plc through common shareholdings or directorships.

In the normal course of business, Lafarge Africa Plc sells cement to other subsidiaries of the ultimate shareholder.

The Company receives technical assistance from the majority shareholder and is paid for under the Industrial Franchise Agreement (see note 9.2).

The following transactions were carried out by the Company with related companies during the year:

	Sale of goods		Purchase of goods	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Atlas Cement Limited	-	1,064,959	-	-
Lafarge Ready-mix Nigeria Limited	1,523,475	2,117,355	-	-
	<b>1,523,475</b>	<b>3,182,314</b>	<b>-</b>	<b>-</b>

The following balances were outstanding at the end of the period for sale of goods:

	Company	
	31/12/2016 N'000	31/12/2015 N'000
Atlas Cement Limited	378,276	387,761
AshakaCem Plc	41,286	41,286
Lafarge Ready-mix Nigeria Limited	475,530	696,886
	<b>895,092</b>	<b>1,125,933</b>

The sale of goods to/from related parties were carried out on commercial terms and conditions and hence the Directors are of the opinion that there is no conflict of interests. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

## 48 Related Parties (cont'd)

### 48.1 Other receivables from and payables to related parties as at

#### Other receivables

	Relationship	Nature of transaction	Group		Company	
			31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
AshakaCem Plc	Subsidiary	Back charged expenses	-	-	2,065,042	1,153,841
Atlas Cement Company Limited	Fellow subsidiary	Back charged expenses	-	-	256,929	57,571
United Cement Company of Nigeria	Subsidiary	Back charged expenses	-	736,032	9,664,074	698,529
Lafarge ReadyMix Limited	Fellow subsidiary	Back charged expenses	-	-	3,776,894	2,512,456
Lafarge S.A.	Fellow subsidiary	Back charged expenses	94,183	396,023	-	360,330
Lafarge Cement Zimbabwe	Fellow subsidiary	Back charged expenses	2,170	1,689	-	-
Lafarge Lafarge Bamburi Cement - (Kenya)	Fellow subsidiary	Back charged expenses	580	778	-	-
Lafarge Cement Malawi	Fellow subsidiary	Back charged expenses	1,396	14,012	-	-
Hima Cement Limited	Fellow subsidiary	Back charged expenses	539	930	-	-
Lafarge Nigeria	Fellow subsidiary	Back charged expenses	441,653	429,332	428,421	416,100
Lafarge UK Services	Fellow subsidiary	Back charged expenses	3,360	-	-	-
Lafarge Intern. Serv. Singapore	Fellow subsidiary	Back charged expenses	-	13,000	-	-
Lafarge East Africa	Fellow subsidiary	Back charged expenses	305,961	-	-	-
Centre Technique Inter-Unites	Fellow subsidiary	Back charged expenses	-	32,476	-	-
Willian francis cloete	Fellow subsidiary	Back charged expenses	-	317	-	-
Chilanga cement plc	Fellow subsidiary	Back charged expenses	580	-	-	-
Lafarge Cement Cameroun	Fellow subsidiary	Back charged expenses	-	170	-	-
Mbeya cement	Fellow subsidiary	Back charged expenses	11,201	-	1,320	-
Holcim Technology Limited	Fellow subsidiary	Back charged expenses	3,645	-	-	-
Lafarge service group	Fellow subsidiary	Back charged expenses	8,748	-	-	-
Lafarge ITEO	Fellow subsidiary	Back charged expenses	235	-	-	-
			<b>874,251</b>	<b>1,624,759</b>	<b>16,192,680</b>	<b>5,198,827</b>

### 48.2 Other payables

	Relationship	Nature of transaction	Group		Company	
			31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
United Cement Company of Nigeria Ltd	Subsidiary	Back charged expenses	-	1,290,131	-	-
Nigeria kraft Bags Limited	Fellow subsidiary	Back charged expenses	-	98,849	-	98,849
Lafarge ZA (South Africa)	Fellow subsidiary	Back charged expenses	-	-	5,293	3,618
Lafarge S.A.	Subsidiary	Back charged expenses	1,537,758	195,329	751,145	195,329
Lafarge Cement Zimbabwe	Fellow subsidiary	Back charged expenses	254,343	-	-	-
Lafarg Lafarge Bamburi Cement - (Kenya)	Fellow subsidiary	Back charged expenses	2,959	-	2,959	-
Lafarge Nigeria	Fellow subsidiary	Back charged expenses	266,025	500	-	-
Lafarge UK Services	Fellow subsidiary	Back charged expenses	371,422	245,268	246,948	189,943
Lafarge Cement Pakistan	Fellow subsidiary	Back charged expenses	605	345	605	345
Lafarge Intern. Serv. Singapore	Fellow subsidiary	Back charged expenses	704,819	4,923	316,048	-
Lafarge East Africa	Fellow subsidiary	Back charged expenses	15,487	3,420	-	-
Lafarge Middle East and Africa (LMEA)	Fellow subsidiary	Back charged expenses	299,989	-	64,705	-
Centre Technique Inter-Unites	Fellow subsidiary	Back charged expenses	409,683	3,380	404,562	-
Mbeya cement company ltd	Fellow subsidiary	Back charged expenses	-	21	-	-
Thysenkrupp industrial Sol	Fellow subsidiary	Back charged expenses	-	82	-	-
Chilanga cement plc	Fellow subsidiary	Back charged expenses	-	736	-	-
Lafarge Poland	Fellow subsidiary	Back charged expenses	47,342	21,558	-	-
Lafarge north America	Fellow subsidiary	Back charged expenses	82,575	-	-	-
Lafarge ITEO	Fellow subsidiary	Back charged expenses	585,921	-	-	-
Lafarge Beocinka Fabrika Cementa	Fellow subsidiary	Back charged expenses	111	-	-	-
Holcim technology limited	Fellow subsidiary	Back charged expenses	6,269,860	-	-	-
Lafarge Canada	Fellow subsidiary	Back charged expenses	10,046	-	10,046	-
Lafarge Technical Centre Vienna	Fellow subsidiary	Back charged expenses	125,381	-	-	-
Lafarge Syria	Fellow subsidiary	Back charged expenses	9,737	-	-	-
Lafarge Cement Cameroun	Fellow subsidiary	Back charged expenses	61,492	-	25,066	-
Holcim technology S.A.	Fellow subsidiary	Back charged expenses	678,466	-	-	-
Lafarge Malaysia	Fellow subsidiary	Back charged expenses	-848	-	-	-
Holcim Group Services Ltd	Fellow subsidiary	Back charged expenses	177,077	-	-	-
Lafarge S.A. U	Fellow subsidiary	Back charged expenses	59,248	-	-	-
Lafarge Building Materials Holding	Fellow subsidiary	Back charged expenses	40,946	-	-	-
Holcim Espana	Fellow subsidiary	Back charged expenses	15,793	-	-	-
Holcim Romania	Fellow subsidiary	Back charged expenses	4,724	-	-	-
Cementia Trading AG	Fellow subsidiary	Back charged expenses	137,118	-	-	-
Lafarge Beijing Building Materials	Fellow subsidiary	Back charged expenses	129,523	-	-	-
Holderfin Netherland	Fellow subsidiary	Back charged expenses	3,152	-	-	-
			<b>12,300,754</b>	<b>1,864,542</b>	<b>1,827,377</b>	<b>488,084</b>

## Compensation to directors and key management personnel

The compensation for directors and other key management personnel during the year are as follows:

### Fees for services as a director

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Executive	-	-	-	-
Non-Executive	16,175	10,464	15,350	9,364
<b>Fees</b>	<b>16,175</b>	<b>10,464</b>	<b>15,350</b>	<b>9,364</b>
Other allowances and expenses	89,103	171,025	40,958	68,931
Short term employee benefits	105,278	181,489	56,308	78,295
<b>Other key management personnel</b>				
Salaries and other short-term employment benefits	1,819,906	1,124,508	1,819,906	1,124,508
Post employment benefits	86,784	64,550	86,784	64,550
<b>Total</b>	<b>1,906,690</b>	<b>1,189,058</b>	<b>1,906,690</b>	<b>1,189,058</b>

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends. There are no post-employment benefits due to key management.

## 49 Directors and Employees

### 49.1 Directors

	Group		Company	
	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Directors' emolument comprise:				
Fees	16,175	10,464	15,350	9,364
Other emoluments	89,103	171,025	40,958	68,931
	<b>105,278</b>	<b>181,489</b>	<b>56,308</b>	<b>78,295</b>

The average number of Directors excluding the Chairman with gross emoluments:

Range (N)	Number	Number	Number	Number
Up to 2,000,000	14	14	14	14
2,000,001 - 3,000,000	-	-	-	-
3,000,001 - 4,000,000	-	-	-	-
Above 4,000,000	-	-	-	-
	<b>14</b>	<b>14</b>	<b>14</b>	<b>14</b>

### 49.2 Employees

The average number of employees employed during the year:

	31/12/2016 Number	31/12/2015 Number	31/12/2016 Number	31/12/2015 Number
Managerial staff	1,008	991	247	381
Senior staff	2,575	1,900	499	213
Junior staff	917	895	153	170
	<b>4,500</b>	<b>3,786</b>	<b>899</b>	<b>764</b>



#### 44.2 Employees (cont'd)

##### The aggregate payroll costs:

	31/12/2016 N'000	31/12/2015 N'000	31/12/2016 N'000	31/12/2015 N'000
Wages, salaries, allowances and other benefits	26,267,276	26,958,271	6,372,559	9,539,546
Pension and social benefits	2,552,276	2,586,348	542,344	957,694
Staff training	274,880	821,300	-	405,987
	<b>29,094,432</b>	<b>30,365,919</b>	<b>6,914,903</b>	<b>10,903,227</b>

The number of higher paid employees with gross emoluments within the ranges below were:

Range (N)	Number	Number	Number	Number
Up to 1,000,000	486	527	-	-
1,000,001 - 3,000,000	1,450	1,235	302	421
3,000,001 - 5,000,000	1,103	820	269	174
5,000,001 - 7,000,000	479	407	131	84
7,000,001 - 10,000,000	330	179	110	42
Above 10,000,000	652	618	87	43
	<b>4,500</b>	<b>3,786</b>	<b>899</b>	<b>764</b>

#### 50 Events after the reporting period

50.1 The shareholders of AshakaCem at an Extraordinary General Meeting held on 19th December, 2016 passed a resolution to commence a voluntary delisting of the company from the trading floor of the Nigerian Stock Exchange (NSE). The mandatory election period of 90 days as required by the rules of the NSE to enable shareholders make a decision will end on 19th March, 2017 after which an application for voluntary delisting will be submitted to the NSE by AshakacCem.

50.2 To pave way for the construction/acquisition of a new permanent Head Office for the Company, a process to execute a contract of sale with a buyer of the Elephant Cement House, former Head office of the Company, has commenced.

#### 51 Correction of prior year errors

51.1 On 31 December 2015, the Group recognised Long Service Award as a post employment benefit and consequently treats all remeasurement benefits under other comprehensive income including the deferred tax component. IAS 19 classifies long service award as other long term employee benefits in which it recognises the total of the service cost, interest cost and remeasurement of the net defined benefit liability in the profit and loss. The error has been corrected by restating each of the affected financial statement lines as follows:

	The Group 31-Dec-15 N'000	The Company 31-Dec-15 N'000
<b>Impact on equity (increase/(decrease) in equity)</b>		
Actuarial gain on remeasurement of long service award-(OCI)	11,980	11,980
Other operating income-( Profit or Loss)	(11,980)	(11,980)
<b>Net impact on equity</b>	<b>0</b>	<b>0</b>
<b>Impact on statement of profit or loss (increase/(decrease) in profit)</b>		
Other operating income-( Profit or Loss)	(11,980)	(11,980)
Income tax (credit) / charge	(152,717)	(167,642)
<b>Net impact on profit for the year</b>	<b>(164,697)</b>	<b>(179,622)</b>

51 Correction of prior year errors (*cont'd*)

Attributable to:

Equity holders of the parent	(164,697)
Non-controlling interests	0

Earnings per share

Basic (kobo)	<u>(5)</u>
--------------	------------

51.2 On 31 December 2015, the Group classified net gain or (loss) on business combination to other comprehensive income. This has been reclassified to other reserves arising on business combination under the statement of changes in equity.

	<b>Group</b>
	<b>31-Dec-15</b>
	<b>₦'000</b>
Impact on Equity	
Net gain / (loss) on business combination	495,563
Other reserves arising on business combination (Equity)	(495,563)
Net impact on equity	<u>-</u>

52 Reclassifications

Certain comparative figures have been reclassified in line with the current year's presentation.

NON-IFRS **Disclosure**  
STATEMENT OF VALUE ADDED

	Group				Company			
	31/12/2016		31/12/2015		31/12/2016		31/12/2015	
	N'000	%	N'000	%	N'000	%	N'000	%
Revenue	219,714,112	591%	267,234,239	313%	87,198,416	226%	114,558,245	235%
Other income	7,518,465	20%	3,653,991	4%	18,399,221	48%	5,689,874	12%
Bought in materials & services	(190,015,790)	-511%	(185,529,946)	-217%	(67,091,913)	-174%	(71,539,881)	-147%
	<b>37,216,787</b>	<b>100%</b>	<b>85,358,284</b>	<b>100%</b>	<b>38,505,724</b>	<b>100%</b>	<b>48,708,238</b>	<b>100%</b>
<b>Applied as follows:</b>								
<b>Employees</b>								
Employee benefits	29,094,432	78%	30,365,919	35%	6,914,903	18%	10,903,227	22%
<b>Lenders</b>								
Interest on borrowings	15,063,590	40%	9,637,300	11%	6,531,774	17%	1,587,371	3%
<b>Government</b>								
Taxation	1,399,529	4%	1,365,710	2%	-	0%	201,561	1%
<b>Asset replacement</b>								
Depreciation	15,877,483	43%	16,068,218	19%	5,170,285	13%	5,298,867	11%
Deferred taxation	(41,117,028)	-110%	758,168	1%	(889,586)	-2%	879,817	2%
<b>Shareholders</b>								
Retained profit	16,898,781	45%	27,162,969	32%	20,778,348	54%	29,837,395	61%
	<b>37,216,787</b>	<b>100%</b>	<b>85,358,284</b>	<b>100%</b>	<b>38,505,724</b>	<b>100%</b>	<b>48,708,238</b>	<b>100%</b>

# NON IFRS Disclosure

CONSOLIDATED FINANCIAL SUMMARY

	Group					Company				
	31/12/2016 N'000	31/12/2015 N'000	31/12/2014 N'000	31/12/2013 N'000	31/12/2012 N'000	31/12/2016 N'000	31/12/2015 N'000	31/12/2014 N'000	31/12/2013 N'000	31/12/2012 N'000
<b>ASSETS/LIABILITIES</b>										
Property, Plant & Equipment	390,488,541	364,397,318	331,257,236	213,276,396	128,094,873	114,617,300	118,251,256	120,154,329	123,128,764	127,275,266
Intangible assets	1,563,499	1,548,927	2,196,926	2,360,869	5,964	-	-	-	-	-
Long term investments	5,928	5,526	7,606	6,321,989	40,000	243,891,263	211,903,225	198,173,967	50,000	90,000
Investment associate and joint venture	89,551	27,410	43,208	-	-	73,133	-	-	-	-
Other assets	4,182,933	291,765	1,587,096	-	-	-	-	-	-	-
Deferred Tax Asset	7,641,003	-	294,629	96,571	-	-	-	-	-	-
Restricted cash	175,890	2,188,089	2,097,687	-	-	-	-	-	-	-
Other financial assets	-	9,975,000	6,247,999	-	-	91,732,574	18,139,971	-	-	-
Net current (liabilities)/assets	(77,643,781)	(20,477,577)	(3,505,724)	3,160,160	(8,043,093)	(25,308,305)	(14,578,906)	(11,227,214)	(2,646,343)	(7,352,606)
	<b>326,503,564</b>	<b>357,956,458</b>	<b>340,226,663</b>	<b>225,215,985</b>	<b>120,097,744</b>	<b>425,005,965</b>	<b>333,715,546</b>	<b>307,101,082</b>	<b>120,532,421</b>	<b>120,012,660</b>
<b>Borrowings</b>	<b>(68,046,853)</b>	<b>(135,465,180)</b>	<b>(116,001,592)</b>	<b>(11,160,339)</b>	<b>(32,921,478)</b>	<b>(64,014,218)</b>	<b>(5,672,992)</b>	<b>(7,057,436)</b>	<b>(8,441,880)</b>	<b>(32,921,478)</b>
Employee benefits obligation	(3,780,162)	(7,542,345)	(8,978,941)	(8,770,669)	(3,592,387)	(1,580,307)	(4,994,634)	(3,833,426)	(3,754,500)	(3,592,387)
Deferred tax liabilities	-	(32,937,323)	(34,172,979)	(30,885,433)	(13,845,905)	(18,031,333)	(18,900,873)	(18,021,055)	(14,241,070)	(13,845,905)
Provisions	(2,448,365)	(2,576,567)	(3,124,736)	(2,561,661)	(535,694)	(563,468)	(792,578)	(742,123)	(640,498)	(535,694)
Deferred revenue	(1,554,673)	(2,133,748)	(2,368,466)	(812,808)	(842,912)	(722,496)	(752,600)	(782,704)	(812,808)	(842,912)
Other long term liabilities	(1,720,963)	(1,149,565)	-	-	-	-	-	-	-	-
	<b>(77,551,016)</b>	<b>(181,804,728)</b>	<b>(164,646,714)</b>	<b>(54,190,910)</b>	<b>(51,738,376)</b>	<b>(84,911,822)</b>	<b>(31,113,677)</b>	<b>(30,436,744)</b>	<b>(27,890,756)</b>	<b>(51,738,376)</b>
	<b>248,952,548</b>	<b>176,151,730</b>	<b>175,579,949</b>	<b>171,025,075</b>	<b>68,359,368</b>	<b>340,094,143</b>	<b>302,601,869</b>	<b>276,664,338</b>	<b>92,641,665</b>	<b>68,274,284</b>
<b>CAPITAL AND RESERVES</b>										
Share capital	2,740,367	2,277,451	2,202,088	1,500,800	1,500,800	2,740,367	2,277,451	2,202,088	1,500,800	1,500,800
Share premium	217,528,456	186,419,988	173,997,568	9,488,747	9,488,747	217,528,456	186,419,988	173,997,568	9,488,747	9,488,747
Retained Earnings	102,842,886	100,992,758	87,206,392	134,877,196	57,369,821	119,825,320	113,904,430	100,464,682	81,652,118	57,284,737
Foreign currency translation reserve	(8,660,486)	(10,156,641)	(1,341,036)	(896,476)	-	-	-	-	-	-
Other reserves on business combination	(256,899,951)	(162,185,111)	(161,689,548)	6,534,440	-	-	-	-	-	-
Non controlling interest	191,401,276	58,803,285	75,204,485	19,520,368	-	-	-	-	-	-
	<b>248,952,548</b>	<b>176,151,730</b>	<b>175,579,949</b>	<b>171,025,075</b>	<b>68,359,368</b>	<b>340,094,143</b>	<b>302,601,869</b>	<b>276,664,338</b>	<b>92,641,665</b>	<b>68,274,284</b>
	Group					Company				
	31/12/2016 N'000	31/12/2015 N'000	31/12/2014 N'000	31/12/2013 N'000	31/12/2012 N'000	31/12/2016 N'000	31/12/2015 N'000	31/12/2014 N'000	31/12/2013 N'000	31/12/2012 N'000
<b>REVENUE AND PROFITS</b>										
Revenue	219,714,112	267,234,239	260,810,463	206,072,691	87,965,224	87,198,416	114,558,245	105,848,657	97,174,505	87,091,634
(Loss)/profit before taxation	(22,818,718)	29,286,847	40,358,133	64,261,549	21,264,420	19,888,762	30,918,773	32,352,996	27,443,083	21,164,004
Profit for the year	16,898,781	27,162,969	33,820,372	60,953,245	14,711,676	20,778,348	29,837,395	28,360,146	28,022,200	14,611,260
Dividend proposed	5,754,771	14,904,233	15,855,034	9,905,280	3,601,920	5,754,771	14,904,233	15,855,034	9,905,280	3,601,920
<b>Per share data (Kobo)</b>										
Earnings - Basic	315	574	767	1,343	490	394	594	826	934	487
Dividend proposed (kobo)	105	300	360	330	120	105	300	360	330	120
Dividend cover (times)	3	2	2	4	4	4	2	2	3	4
Net assets	4,542	3,867	3,987	3,883	2,277	6,205	8,553	8,079	3,086	2,275

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

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

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# Shareholding and Other Information



AUTHORIZED				FULLY PAID UP		
YEAR	NUMBER OF SHARES	VALUE (NAIRA)	NOMINAL VALUE	NUMBER ISSUED	VALUE (NAIRA)	REMARKS
1959	3,000,000	6,000,000	AT N2.00 EACH	2,000,000	4,000,000	
1960	3,000,000	6,000,000	AT N2.00 EACH	2,000,000	4,000,000	
1961	3,000,000	6,000,000	AT N2.00 EACH	2,000,000	4,000,000	
1962	3,000,000	6,000,000	AT N2.00 EACH	2,000,000	4,000,000	
1963	3,000,000	6,000,000	AT N2.00 EACH	2,000,000	4,000,000	
1964	3,000,000	6,000,000	AT N2.00 EACH	2,000,000	4,000,000	
1965	3,000,000	6,000,000	AT N2.00 EACH	2,000,000	4,000,000	
1966	3,000,000	6,000,000	AT N2.00 EACH	2,000,000	4,000,000	
1967	3,000,000	6,000,000	AT N2.00 EACH	2,000,000	4,000,000	
1968	12,000,000	6,000,000	AT N0.50 EACH	8,000,000	4,000,000	SHARE SPLIT
1969	14,000,000	7,000,000	AT N0.50 EACH	14,000,000	7,000,000	
1970	14,000,000	7,000,000	AT N0.50 EACH	14,000,000	7,000,000	
1971	14,000,000	7,000,000	AT N0.50 EACH	14,000,000	7,000,000	
1972	14,000,000	7,000,000	AT N0.50 EACH	14,000,000	7,000,000	
1973	14,000,000	7,000,000	AT N0.50 EACH	14,000,000	7,000,000	
1974	14,000,000	7,000,000	AT N0.50 EACH	14,000,000	7,000,000	
1975	36,000,000	18,000,000	AT N0.50 EACH	36,000,000	18,000,000	PREFERENCE SHARE
1976	36,000,000	18,000,000	AT N0.50 EACH	36,000,000	18,000,000	
1977	72,000,000	36,000,000	AT N0.50 EACH	60,300,000	30,150,000	SPECIAL ALLOTMENT
1978	72,000,000	36,000,000	AT N0.50 EACH	60,300,000	30,150,000	
1979	72,000,000	36,000,000	AT N0.50 EACH	60,300,000	30,150,000	
1980	72,000,000	36,000,000	AT N0.50 EACH	60,300,000	30,150,000	
1981	72,000,000	36,000,000	AT N0.50 EACH	60,300,000	30,150,000	
1982	72,000,000	36,000,000	AT N0.50 EACH	60,300,000	30,150,000	
1983	101,450,000	50,725,000	AT N0.50 EACH	90,450,000	45,225,000	BONUS
1984	101,450,000	50,725,000	AT N0.50 EACH	90,450,000	45,225,000	
1985	101,450,000	50,725,000	AT N0.50 EACH	90,450,000	45,225,000	
1986	101,450,000	50,725,000	AT N0.50 EACH	90,450,000	45,225,000	
1987	101,450,000	50,725,000	AT N0.50 EACH	90,450,000	45,225,000	
1988	120,600,000	60,300,000	AT N0.50 EACH	120,600,000	60,300,000	BONUS
1989	120,600,000	60,300,000	AT N0.50 EACH	120,600,000	60,300,000	
1990	120,600,000	60,300,000	AT N0.50 EACH	120,600,000	60,300,000	
1991	120,600,000	60,300,000	AT N0.50 EACH	120,600,000	60,300,000	
1992	241,200,000	120,600,000	AT N0.50 EACH	241,200,000	120,600,000	BONUS
1993	241,200,000	120,600,000	AT N0.50 EACH	241,200,000	120,600,000	
1994	321,600,000	160,800,000	AT N0.50 EACH	321,600,000	160,800,000	BONUS
1995	321,600,000	160,800,000	AT N0.50 EACH	321,600,000	160,800,000	
1996	428,800,000	214,400,000	AT N0.50 EACH	428,800,000	214,400,000	BONUS

AUTHORIZED				FULLY PAID UP		
YEAR	NUMBER OF SHARES	VALUE (NAIRA)	NOMINAL VALUE	NUMBER ISSUED	VALUE (NAIRA)	REMARKS
1997	428,800,000	214,400,000	AT N0.50 EACH	428,800,000	214,400,000	
1998	600,000,000	300,000,000	AT N0.50 EACH	571,733,334	285,866,667	BONUS
1999	600,000,000	300,000,000	AT N0.50 EACH	571,733,334	285,866,667	
2000	600,000,000	300,000,000	AT N0.50 EACH	571,733,334	285,866,667	
2001	1,142,806,000	571,403,000	AT N0.50 EACH	1,143,466,668	571,733,334	BONUS
2002	4,573,866,672	2,286,933,336	AT N0.50 EACH	1,715,200,000	857,700,001	BONUS
2003	4,573,866,672	2,286,933,336	AT N0.50 EACH	1,715,200,000	857,700,001	
2004	4,573,866,672	2,286,933,336	AT N0.50 EACH	1,715,200,000	857,700,001	
2005	4,573,866,672	2,286,933,336	AT N0.50 EACH	3,001,600,004	1,500,800,002	RIGHTS ISSUE
2006	4,573,866,672	2,286,933,336	AT N0.50 EACH	3,001,600,004	1,500,800,002	
2007	4,573,866,672	2,286,933,336	AT N0.50 EACH	3,001,600,004	1,500,800,002	
2008	4,573,866,672	2,286,933,336	AT N0.50 EACH	3,001,600,004	1,500,800,002	
2009	4,573,866,672	2,286,933,336	AT N0.50 EACH	3,001,600,004	1,500,800,002	
2010	4,573,866,672	2,286,933,336	AT N0.50 EACH	3,001,600,004	1,500,800,002	
2011	4,573,866,672	2,286,933,336	AT N0.50 EACH	3,001,600,004	1,500,800,002	
2012	4,573,866,672	2,286,933,336	AT N0.50 EACH	3,001,600,004	1,500,800,002	
2013	4,573,866,672	2,286,933,336	AT N0.50 EACH	3,001,600,004	1,500,800,002	
2014	4,573,866,672	2,286,933,336	AT N0.50 EACH	4,404,175,988	2,202,087,994	ALLOTMENT OF SHARES
2015	10,000,000,000	5,000,000,000	AT N0.50 EACH	4,554,902,014	2,277,451,007	ASHAKACEM MTO
2016	10,000,000,000	5,000,000,000	AT N0.50 EACH	4,968,077,723	2,484,038,861	PRIVATE PLACEMENT
2016	10,000,000,000	5,000,000,000	AT N0.50 EACH	4,983,926,597	2,491,963,298	ASHAKACEM VTO
2016	10,000,000,000	5,000,000,000	AT N0.50 EACH	5,480,734,369	2,740,367,185	BONUS 2016

INITIAL SHARE CAPITAL	4,404,175,988
ASHAKACEM MTO	150,726,026
PRIVATE PLACEMENT	413,175,709
ASHAKACEM VTO	15,848,874
BONUS 2016	496,807,772
<b>PAID UP CAPITAL</b>	<b>5,480,734,369</b>

#### BONUS HISTORY

YEAR	BONUS ISSUES	VALUE	RATIO
1983	30,150,000	15,075,000	1:2
1988	30,150,000	15,075,000	1:3
1992	120,600,000	60,300,000	1:1
1994	80,400,000	40,200,000	1:3
1996	107,200,000	53,600,000	1:3
1998	142,934,000	71,467,000	1:3
2001	571,733,334	285,866,667	1:1
2002	571,733,334	285,866,667	1:2



Group CEO, Eric Olsen with some executives visiting the Housing Relocation project in Ogun State.

# Photo Reel



Code of Business Conduct training











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## E-DIVIDEND MANDATE ACTIVATION FORM

### Instruction

Please complete all section of this form to make it eligible for processing and return to the address below

The Registrar,  
Cardinal Stone Registrars, Limited  
358, Herbert Macaulay Way, Yaba,  
P. O. Box 9117, Marina, Lagos  
Nigeria.

I/We hereby request that henceforth, all my/our Dividend Payment(s) due to me/us from my/our holdings in all the companies ticked at the right hand column be credited directly to my/our bank detailed below:

Only Clearing Banks are acceptable

Bank Verification Number

Bank Name

Bank Account Number

Account Opening Date

Shareholder Account Information

Surname / Company Name	First Name	Other Names
<input type="text"/>	<input type="text"/>	<input type="text"/>

Address:

City	State	Country
<input type="text"/>	<input type="text"/>	<input type="text"/>

Previous Address (if any)

CHN (if any)

Mobile Telephone 1	Mobile Telephone 2
<input type="text"/>	<input type="text"/>

Email Address

Signature(s)	Company Seal (if applicable)
<input type="text"/>	<input type="text"/>

Joint/Company's Signatories	Company Seal (if applicable)
<input type="text"/>	<input type="text"/>

TICK	NAME OF COMPANY	SHAREHOLDER'S ACCOUNT NO.
	ACORN PET. PLC	
	AFRIK PHARMECEUTICALS PLC	
	AG HOMES SAVINGS & LOANS	
	AG LEVENTIS	
	ARBICO PLC	
	ASHAKACEM PLC	
	BANKERS WAREHOUSE	
	BETA GLASS	
	CAPITAL HOTEL PLC	
	ELLAH LAKES	
	EVANS MED PLC	
	FCMB BOND	
	FCMB GROUP PLC	
	FIDSON BOND	
	G. CAPPALC	
	GUINEA PLC	
	IMB ENERGY MASTER FUND	
	JOS INT. BREWERIES PLC	
	KOGI SAVINGS & LOAN LTD	
	LAFARGE AFRICA PLC	
	LAFARGE BOND	
	LAW UNION & ROCK PLC	
	LEGACY FUND	
	LIVESTOCK FEEDS PLC	
	MORISON PLC	
	MRS OIL PLC	
	NAHCO BOND	
	NAHCO PLC	
	NEWPAK PLC	
	N.G.C PLC	
	NGC STERILE	
	NPF MICROFINANCE BANK	
	NULEC INDUSTRIES PLC	
	OKOMU OIL PALM PLC	
	REAN PLC	
	SKYE BANK PLC	
	TOTAL NIG. PLC	
	TRANEX PLC	
	WOMEN INVESTMENT FUND	

Help Desk Telephone No/Contact Centre Information for Issue resolution or clarification: 01-7120090

CARDINALSTONE REGISTRARS

website: [www.cardinalstone.com](http://www.cardinalstone.com); E-mail: [registrars@cardinalstone.com](mailto:registrars@cardinalstone.com)

The 58th Annual General Meeting of LAFARGE AFRICA PLC will hold at Zinna Hall, Eko Hotels & Suites, Plot 1415 Adetokunbo Ademola Street, Victoria Island, Lagos, Nigeria on Wednesday 7th June, 2017 at 11.00am.

# Proxy Form

I/We\* \_\_\_\_\_ being a member/  
members of Lafarge Africa Plc hereby appoint\*\*\* \_\_\_\_\_  
of \_\_\_\_\_

Or failing him the Chairman of the Meeting as my/our proxy to act and vote for me / us at the Annual General Meeting of the Company to be held on Wednesday, 7th June, 2017 and at any Adjournment thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2017 \_\_\_\_\_ Shareholder's Signature

Resolutions	For	Against	Abstain
1. To declare a dividend.			
2. To re-elect the following Directors:			
a) Ms. Sylvie Rochier			
b) Mr. Adebode Adefioye			
c) Mrs. Elenda Ohirenuwa Giwa-Amu			
d) Dr. Shamsudeen Usman, CON, OFR			
e) Mrs. Adenike Ogunlesi			
3. To authorize the Directors to fix the remuneration of the External Auditors.			
4. To elect members of the Audit Committee.			
<b>SPECIAL BUSINESS</b>			
5. To fix the remuneration of the Directors.			
<b>Ordinary Resolutions:</b>			
6. THAT the borrowing limit of the Directors shall be, and remain, extended from twice the nominal amount of the paid up share capital and reserves of the Company as set out in Articles 89 and 90 of the Articles of Association, for a period which shall not exceed 31st December, 2018;			
7. THAT the Directors be and are hereby authorised to liquidate or dissolve Egyptian Cement Holdings B.V. ("ECH") and Nigerian Cement Holdings B.V. ("NCH") as appropriate and transfer all the assets, liabilities and undertakings of ECH and NCH to the Company;			
8. To consider and if thought fit, pass the following sub-joined resolutions as ordinary resolutions of the Company:			
1. THAT, subject to obtaining the approval of the relevant regulatory authorities, the Directors be and are hereby authorised to raise capital of up to the sum of ₦140,000,000,000 (One Hundred and Forty Billion Naira) by way of a Rights Issue of ordinary shares to its shareholders ("Rights Issue") at such price, time and on such other terms as the directors may deem fit;			

Resolutions	For	Against	Abstain
ii. THAT the Directors be and hereby authorised to apply any convertible loan, shareholder loan or any other loan facility due to any person, from the Company, as may be agreed by the person and the Company, towards payment for any shares subscribed for by such person under the Rights Issue;			
9. THAT the Directors be authorised to approve, sign and/or execute all documents, appoint such professional parties and advisers, as may be necessary to give effect to the above resolutions, including without limitation, complying with the directives of any regulatory authority.			
10. THAT all acts carried out by the Directors and Management of the Company in connection with the above be and are hereby ratified.			
11. THAT the Directors be authorised to perform other acts, take other steps, or do all such other things, as may be necessary for or incidental to, or as they deem appropriate to, giving effect to the spirit and intendments of the above resolutions; and			
<b>Special Resolutions:</b>			
12. THAT article 82 of the Articles of Association of the Company be and is hereby amended by deleting the word "seventeen" and replacing it with the word "eleven" and the article shall read as follows:  "Until otherwise determined by a special resolution of the company, the number of directors shall not be less than four or more than eleven"			
13. THAT article 32 of the Articles of Association of the Company be and is hereby amended to read as follows:  "A copy of the signed Balance Sheet and the Profit and Loss account together with a copy of the Directors' Report, the Auditors' Report, the Audit Committee's and every other document required by law to be annexed thereto, as well as Notices and Circulars which shall either be in printed or compact disk or other electronic format shall be sent to every Member of the Company, every debenture holder of whose address the Company is aware and other persons entitled to them by law and shall be published on the Company's website at least 21 days before the meeting at which the same are to be laid before the Members of the Company".			

Please indicate "X" in the appropriate space how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his/her discretion.

NOTES: Please sign this form and post it to reach the address overleaf not later than 48 hours before the time of holding the meeting. If executed by a corporation, this form should be sealed with its common seal.

• Shareholder's name to be inserted in BLOCK LETTERS please. In case of joint shareholders, any one of such may complete this form, but the names of all joint holders must be inserted.

• Following the normal practice, the Chairman of the meeting has been entered on the form to ensure that someone will be at the Meeting to act as your proxy, but you may insert in the blank space the name of any person, whether a member of the Company or not, who will attend the meeting and vote on your behalf instead.

**LAFARGE AFRICA PLC**  
58TH ANNUAL GENERAL MEETING

**SHAREHOLDERS**  
**ADMISSION CARD**

Please admit the shareholder on this form or his/her duly appointed proxy to the Annual General Meeting to be held at the Zinna Jasmine Hall, Eko Hotel & Suites, Plot 1415 Adetokunbo Ademola Street, Victoria Island, Lagos on Wednesday, 7th June, 2017 at 11 am.

Name of Shareholder \_\_\_\_\_

Number of Shares Held \_\_\_\_\_ Signature of Person \_\_\_\_\_

Note: This form should be completed, signed, torn off and produced by the Shareholder or his/her duly appointed proxy in order to gain entrance to the venue of the meeting.

The Registrars  
Cardinal Stone (Registrars) Limited  
358, Herbert Macaulay Road  
Yaba, Lagos  
P. O. Box 9117, Lagos  
Nigeria





 A member of  
**LafargeHolcim**

**Lafarge Africa Plc**  
27B, Gerrard Road, Ikoyi,  
Lagos State.  
Tel: 234 1 2713990  
[www.lafarge.com.ng](http://www.lafarge.com.ng)

 **LAFARGE**