

2018 Annual Report & Accounts

Lafarge Africa Plc

60 YEARS OF BUILDING FOR GROWTH



60 Years: The Journey so Far

Since 1959, we have been a part of Nigeria and the continent's growth with the goal to safely and sustainably provide the best and most innovative solutions for building and construction projects across Africa.

In celebrating our 60th anniversary, we recognize how far we have come and renew our commitment to the economic growth and sustainable development of the countries where we operate.

- 1959**
West African Portland company (WAPCO) is incorporated in February 1959.
- 1960**
The first kiln, with a 200,000 tonnes per annum (TPA) capacity, is commissioned, and the first set of Elephant Cement bags are produced.
- 1964**
The second kiln is commissioned to increase WAPCO's capacity to 400,000 TPA.
- 1969**
A third kiln is commissioned and WAPCO's capacity is increased to 700,000 TPA.
- 1977**
The factory achieves its peak cement production with 706,500 TPA.
- 1978**
WAPCO expands its operations as a second factory is commissioned in Sagamu with an installed capacity of 600,000 TPA.
- 1979**
The Company is listed on the Nigerian Stock Exchange.
- 1989**
The Sagamu Plant achieves an output of 1,000,000 TPA.
- 1990**
The company achieves a 25% reduction in net carbon emissions per tonne of cement.



THIRD MAINLAND BRIDGE

The third mainland bridge measuring about 11.8 kilometres is the longest of three bridges connecting Lagos Island to the mainland. The bridge was built by Julius Berger Nigeria Plc and opened by former President Ibrahim Babangida in 1990.

BUILT WITH LAFARGE CEMENT

NATIONAL ASSEMBLY COMPLEX

Also referred to as the legislative building, the National Assembly Complex was built in 1999. The Complex's dome-shaped roof comprises a gross floor area of 40,000 square metres. Both legislative chambers of the National assembly are made of pre-cast concrete elements.



BUILT WITH LAFARGE CEMENT

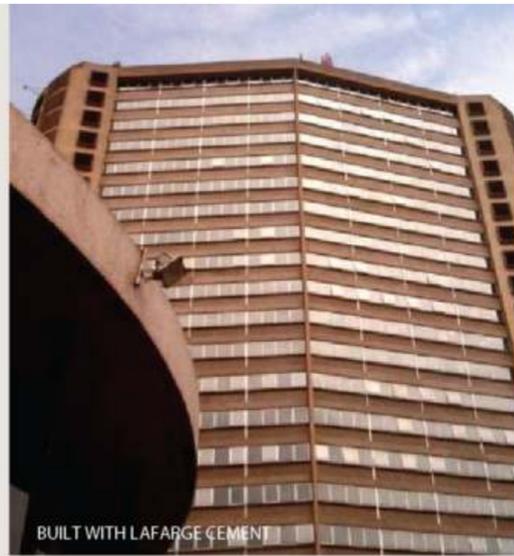
- 2003**
As the company continues to grow, the Ewekoro I Plant is replaced by a state-of-the-art plant which propels the Plant to achieve 1,000,000 TPA.
- 2007**
The Lafarge Group launched Health & Safety Improvement plans to accelerate the attainment of unified safety standards across all its locations.
- 2008**
A new era is born when WAPCO Nigeria is renamed Lafarge Cement WAPCO Nigeria Plc.
- 2009**
The Foundation is laid for Lokatabu - the project name for Ewekoro II Plant.
- 2010**
Lafarge WAPCO celebrates its diamond jubilee with the launch of a new product called Elephant Super and becomes the first in the industry with more than one product to offer.
- 2011**
Ewekoro II Plant is officially inaugurated with a 2,500,000 TPA.
- 2013**
Lafarge Africa relocates the Nigeria Corporate Head Office from Alausa to Ikoyi, Lagos.
- 2014**
Lafarge Africa PLC acquires 1,312,444,260 ordinary shares in AshakaCem Plc representing a 58.61% equity stake in AshakaCem.

Lafarge Africa concluded all regulatory processes for the acquisition of Lafarge South Africa's interests in Lafarge affiliate companies.

In 2014, Lafarge and Holcim merged and decided to consolidate some of their African businesses. A new entity, Lafarge Africa, was announced in June 2014. The company merged Lafarge WAPCO Nigeria's assets with the South African assets of Lafarge.
- 2016**
An additional manufacturing line with a production capacity of 2.5MTPA was commissioned in Mfamosing plant to bring the total production capacity to 5MTPA.
- 2017**
Lafarge welded together more holdings in Nigeria when Atlas Cement, Port Harcourt and UNICEM of Calabar were merged with Lafarge Africa.



BUILT WITH LAFARGE CEMENT



BUILT WITH LAFARGE CEMENT



BUILT WITH LAFARGE CEMENT



BUILT WITH LAFARGE CEMENT

GODSWILL AKPABIO INTERNATIONAL STADIUM

The Godswill Akpabio international stadium is a 30,000 capacity stadium that was completed during the Godswill Akpabio administration. The stadium has hosted several qualifiers for the Super Eagles and is home to a local football club, Akwa United.

NATIONAL THEATRE

The National Arts Theatre was started by the military regime of General Yakubu Gowon and completed during the regime of General Olusegun Obasanjo in readiness for the Festival of Art and Culture [FESTAC] in 1977. The edifice with a military

hat-shaped design houses a 5,000-seater Main Hall with a collapsible stage, and two cinema halls equipped with facilities for simultaneous translation into 8 languages. It is located in Iganmu, Surulere, Lagos.

NIGERIA

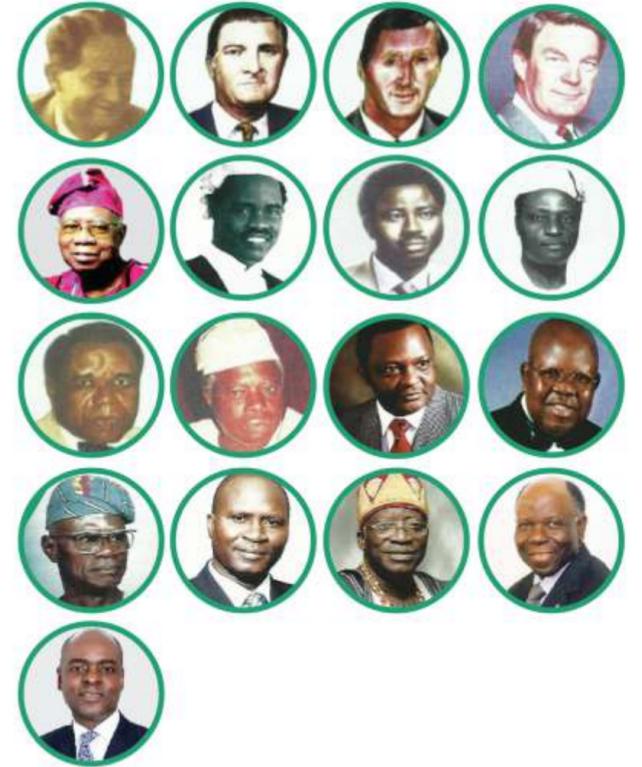
COCOA HOUSE

At a height of 105 metres; this 26-storey building in tropical Africa is named Cocoa House because it was built with proceeds from Cocoa amongst other agricultural products. It is located in Ibadan, Oyo state.

LEKKI-IKOYI LINK BRIDGE

The Lekki-Ikoyi Link Bridge, is a 1.36KM cable-stayed pylon bridge in Lagos State constructed to offer an alternative route for linking Lekki, Ikoyi, Victoria Island and its environs. The bridge was commissioned on the 29th of May 2013 by the then Governor of Lagos State, Babatunde Raji Fashola.

LAFARGE AFRICA PLC BOARD CHAIRMEN TO DATE



- 1 T.R. CHESTERFIELD
1982-1986
- 2 A.F. TAYLOR
1987-1991
- 3 R. CHENEY
1992-1996
- 4 A.J. JACKSON
1997-2001
- 5 J.O. AKINKUGBE
2002-2006
- 6 S.O. IGE
2007-2011
- 7 V.A. ODUNTAN
2012-2016
- 8 J.F. ALE
2017-2020
- 9 M.A. ADEYEMO
2021

- 10 A.A. ABIDOGUN
1982-1986
- 11 O. SHOMOLU
1987-1991
- 12 T. PONNLE
1992-1996
- 13 F. ALADE
1997-2001
- 14 O. OYELAKIN
2002-2006
- 15 B. AKINNOLA
2007-2011
- 16 O. OSUNKEYE, OON, OFR
2012-2016
- 17 MOBOLAJI BALOGUN
2017 TO DATE

TABLE OF CONTENTS

Profile Presentation

Our Global Presence	12
Corporate Profile	14

Business Review

Financial Highlights	18
Chairman's Statement	21

Governance

Corporate Information	25
Board of Directors & Company Secretary	26
Leadership Team	30
Directors' Report	32
Corporate Governance Report	34
Sustainability Report	42
Statement of Directors' Responsibilities	49
Report of the Statutory Audit Committee	50

Financial Statements

Report of the Independent Auditor	52
Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income	56
Consolidated and Separate Statements of Financial Position	57
Consolidated and Separate Statements of Changes in Equity	58
Consolidated and Separate Statements of Cash Flows	60
Notes to the Consolidated and Separate Financial Statements	61
Consolidated and Separate Statements of Value Added	137
Five year Financial Summary	139

Shareholders' Information

Notice of Annual General Meeting	142
Explanatory Notes to the proposed Resolutions	144
Information in respect of General Mandate	151
Share Capital History	152
Unclaimed Dividend Report	154
Complaints Management Policy	155
Photo Reel	157
E-Dividend Mandate Activation Form	159
Proxy Form	161
List of Distributors	163





Introducing Supafix

**Your safe,
ready-to-use
tile fixer.**

Easy to use | Faster application | Neater finish



Website: www.lafarge.com.ng
E-mail: customerservice.ng@lafarge.com
Call our Customer Value Center: 01-2713990

 A member of
LafargeHolcim

 **LAFARGE**
Building better cities™

OUR CORE VALUES



TOGETHER WE DELIVER,
WE WIN!

C



CUSTOMERS:

Our focus is to build and deliver solutions that meet customers' expectations. We encourage diverse thinking to promote and nurture innovation. We collaborate with our customers to achieve shared objectives.

R



RESULTS:

Through business insights and the quality of our decision making, we introduce new ways of looking at challenges in order to achieve excellent results while ensuring accountability.

I



INTEGRITY:

We operate a compliance focused organization and act with a clear sense of ownership.

S



SUSTAINABILITY:

We demonstrate leadership in environmental stewardship while role-modelling responsibility to future generations.

We look towards the broadest possible views of any issue or challenge.

P



PEOPLE, OPENNESS AND INCLUSION:

We truly care and respect every individual. We place a high priority on developing our people and building effective teams.



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



OUR GLOBAL PRESENCE

“The global leader in building materials and solutions, LafargeHolcim is keen to provide solutions to address challenges such as urbanization and climate change. We offer a strong asset base in around 80 countries, the most innovative cement, concrete, and aggregates solutions to meet our customers’ needs and a commitment to health, safety and sustainability.



OUR BUSINESSES

CEMENT

From classic masonry cements to high-performance products tailored for specialized settings, we offer an extensive line of cements and hydraulic binders. Customers range from individuals buying bag cement to businesses undertaking major construction projects.

221.9 | SALES MILLION TONNES
2017: 220.2

READY-MIX

Concrete is the world's second most consumed substance by volume after water. In this highly competitive and decentralized market, we stand apart through the quality and consistency of our products, the breadth of our portfolio and our innovative solutions.

50.9 | SALES MILLION M³
2017: 50.6

AGGREGATES

Our aggregates serve as raw materials for concrete, masonry and asphalt as well as base materials for buildings, roads and landfills. Our recycled aggregates use crushed concrete and asphalt from deconstruction.

273.8 | SALES MILLION TONNES
2017: 278.7

SOLUTIONS & PRODUCTS

Supported by technical expertise and generations of experience, we create innovative solutions that meet our customers' specific needs and requirements.

2.4 | NET SALES (CHF bn)
2017: 2.3

GEOCYCLE

The Company's global Geocycle brand has been utilised for the treatment, processing and management of waste activities in 50 countries around the world. Through co-processing, Geocycle preserves natural resources and plays an

important role in reducing the carbon footprint of our manufacturing plants.

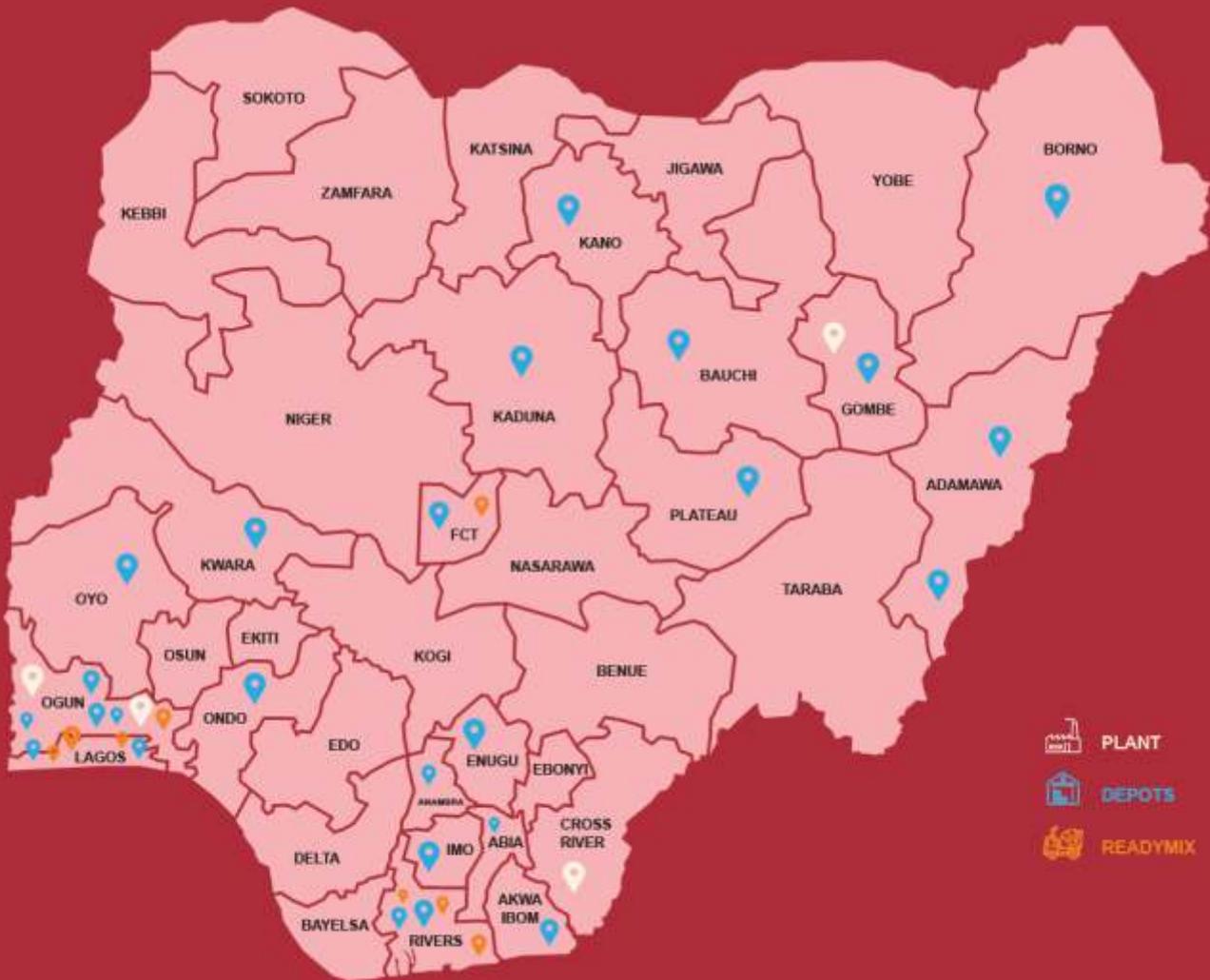
In Nigeria, Geocycle contributes to the preservation of the environment by co-processing biomass in the Company's cement plants. In 2018, Lafarge Africa substituted 10% of its kiln energy requirement with biomass. In addition 1,800 tonnes of industrial waste was treated and utilised, thereby contributing to the reduction of waste and pollution from selected companies. Geocycle activities is fully aligned with the concept of “circular economy” and has created over 1000 jobs in local communities through sourcing, preparation and transportation of biomass to the Company's cement plant

Lafarge Africa, through Geocycle is developing further the use of waste with on-going projects that will support the replacement of fuel with tyres and plastics. In addition to generation of alternative fuel, the projects will contribute to the sanitation of the environment and create many employment opportunities.



LAFARGE AFRICA PLC Footprints

PAN-NIGERIA



PLANTS

- Ashaka
JOMBE STATE
- Makurdi
OGUN STATE
- Epe
OGUN STATE
- Epe
OGUN STATE

DEPOTS

NORTHERN

- Gombe
Railway Goods Shed
Gombe
- Bauchi
Railway Goods Shed
Bauchi Air Road, Near Zaraman
Bauchi
- Jos
Railway Goods Shed
Opposite Post Office
Ahmadu Bello Way
Jos
- Kaduna
Kaduna North Railway Station
Abaka, Kaduna
- Abuja
Rafu (Way) Phase 1
Benda Maid Filling Station
Abuja
- Kano
No. 63 Railway Goods Shed, Kano
- Yola
60 Numan Road, Jmaka, Yola

WEST

- Abakada
Lafarge Depot/Adige road,
Bura Garden Compound
- Ajaka Depot
Bura (Lafarge Expressway)
Freight Group compound
- Onitsha Depot
Plot 24,
Cocoa Industrial Road
Off Asoke road,
Ogbe - Lagos
- Shagari Depot
P.O. 11/10
Opposite Army Barracks,
Lagos road, Surulere

EAST

- Abuja Depot
Km 3 Onko road
Opposite Bura Medical centre,
Abuja
- Surulere Depot
Plot 174 Beside St. Mary Catholic
Church, Aso-Dare road,
Surulere, Kwara state
- Idiroko
Beside Tota Obukole collage,
Idiroko
- Ewekoro
QM Wema Bank building,
Ewekoro Factory
- Enugu
Enugu Industrial Depot,
Enugu-Nsukka expressway,
Enugu
- Oron
Aben Corporate,
Beside Onna St., APA Onna,
Rivers state

SOUTH

- Abia
Km 8, Aba - Orugu Expressway,
Opposite the Whipping mill,
Aba
- Ikorodu
Km 2, Uyo-Oron road,
Off Eban Inland Road
- Oron
No. 4 Bus stop, Koro,
Oron-Port Harcourt Road,
Imo state
- Port Harcourt
2 Opposite Yam Zone,
Aba - Port Harcourt Expressway,
Port Harcourt
- Oronkwa
Harbour Industrial Depot,
Aba Road, Off Inland Bridge,
Oronkwa

READYMIX LOCATIONS

- Oronkwa Office & NICE Plant
No 28 Kaduna-Akoka Road
Off Amekye House Street,
Oronkwa, Ikorodu, Lagos, Nigeria
- AAD Head Office - Oronkwa
- Bar Beach Plant
No. 1, Tiyemaji Sabaja,
Opposite Bar Beach
Avenue Side, Victoria Island,
Lagos Bar Beach
- Lekki Plant
Bye Gbadeka,
Chiverton Drive,
Lekki, Lagos
- Ewekoro Plant
Km 64, Lagos/Abakada Expressway,
Ewekoro, Ogun Fintona
Ogun
- Oron Plant
Aden Road FOT
Oron Port Complex
Port Harcourt,
Rivers State, Nigeria
- Deodoro Plant Petrochemical Camp,
Deodoro Plant Estate
Hawes State, Nigeria
- Trans Amadi Plant
1119 Darguma Drive,
Trans Amadi Industrial Layout,
Port Harcourt, Rivers State
- Abuja Plant (Old)
RTD, Cadorna Zone C16,
Opposite Sales Quarters,
M/I Industrial Estate,
Abuja FCT Abuja

The Chairman, Lafarge Africa Plc, Mr. Mobolaji Balogun and the CEO Lafarge Africa Plc Mr. Michel Puchercos with the Vice President, Prof. Yemi Osinbajo SAN during a courtesy visit to the Presidency



CORPORATE PROFILE

A Leader in Sub-Saharan Africa

Lafarge Africa Plc is a member of the LafargeHolcim Group – the largest building and concrete solutions company in the world. It is a publicly quoted company on the Premium Board of the Nigerian Stock Exchange (NSE) and serves Nigeria and South Africa with a wide range of building and construction solutions designed to meet housing and construction needs from small projects like individual home buildings to major construction and infrastructure projects.

With plants in Ewekoro and Sagamu in the South-West, Mfamosing in the South-South and Ashaka in the North-East of Nigeria, Lafarge Africa Plc currently has in the country an installed cement production capacity of 10.5MTPA and has plans for further expansion in the near term.

In addition to its local cement production capacity, Lafarge Africa Plc also owns 100% of Lafarge South Africa Holdings (Pty) Limited (LSAH), which is a leading building materials solutions company with significant scale and a balanced portfolio of assets across cement, aggregates, ready-mix concrete (RMC) and pulverized fly ash. LSAH has 3.6MT in annual cement production capacity with production sites in key economic centers of South Africa including the provinces of Limpopo, Mpumalanga, North West, Free State and KwaZulu-Natal.

Our Cement Operations

South – West Operations

For our South-West operations, we have two plants located in Sagamu and Ewekoro, both in Ogun State with a combined production capacity of 4.5MTPA. Our 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 specification for the manufacturing of roof tiles and SRC, a sulphate resistant cement for coastal construction.

Northern Nigeria Operations

Ashaka Cement plant in the North-East region also focuses on providing creative and qualitative solutions to meet the needs of both small, medium and large scale projects. In the last 4 decades, Ashaka Cement plant has contributed immensely to the economic growth and development of North-Eastern Nigeria and is well positioned to impact the ecosystem of the region.

AshakaCem Limited (formerly AshakaCem Plc) was incorporated in August 1974 and commenced production in 1979 as a cement manufacturing and marketing company under the name Ashaka Cement Company Limited. The company was founded by the defunct Nigerian Industrial Development Bank (NIDB) Limited, the Nigerian Bank for





L-R: Chairman, Lafarge Africa Plc, Mr. Mobolaji Balogun, Head of Middle East & Africa, LafargeHolcim Miljan Gutovic and CCEO, Michel Puchercos,

Commerce and Industry (NBCI), Northern Nigeria Investment Limited (NNIL) and the Government of the then North-Eastern State (now Adamawa, Bauchi, Borno, Gombe, Taraba and Yobe States). Current annual cement production of the plant is 1MTPA with plans for expansion.

Southern Nigeria Operations

Our Southern Nigeria operations comprise of a cement plant in Mfamosing, Cross River State and a product distribution hub in Port Harcourt, Rivers State. The Mfamosing plant is a modern production facility with an annual cement production capacity of 5MTPA. It was originally established in 2002 as United Cement Company of Nigeria (UNICEM) Limited, after the acquisition of the assets of moribund Calabar Cement Company (CalCemCo).

In 2012, the plant's product portfolio was expanded to offer customers two cement products catering for general purpose and specialized applications. An additional manufacturing line with a production capacity of 2.5MTPA was commissioned in 2016 to bring the total production capacity of the plant to 5MTPA. It is now the single largest cement production site for Lafarge Africa.

The distribution hub in Port Harcourt was the previous Atlas Cement Company Limited commissioned for operation in 2001 as a bulk cement import and bagging terminal within the Federal Ocean Terminal, Onne. The plant was operated on a floating vessel, which had a nominal bagging capacity of 500,000 metric tons of cement per annum.

SOUTH AFRICA

Lafarge South Africa Holdings (Pty) Limited (LSAH)

LSAH is a holding company through which Lafarge Africa 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 3.6mtpa.

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 benefits from first mover advantage across the concrete sector industry. We currently have eight production sites with plans for an additional five plants in the future. The Company also has ambitious plans for its aggregates business towards delivering world class solutions to Nigerians. In South Africa, Lafarge Africa Plc's aggregates and concrete business is the industry leader.

Lafarge Ready Mix Nigeria

Lafarge Ready Mix Nigeria Limited is a wholly owned subsidiary of Lafarge Africa Plc and is a market leader in quality concrete solutions. Leveraging the Group's over 50 years of global experience in the readymix business, it produces quality and innovative concrete and aggregates solutions for small and large construction works.

Lafarge Ready Mix operates currently in Lagos, Ogun, Abuja and Port-Harcourt, as a project enabler, driving quality and innovation as well as promoting a sustainable environment for generations to come.

Ready Mix 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

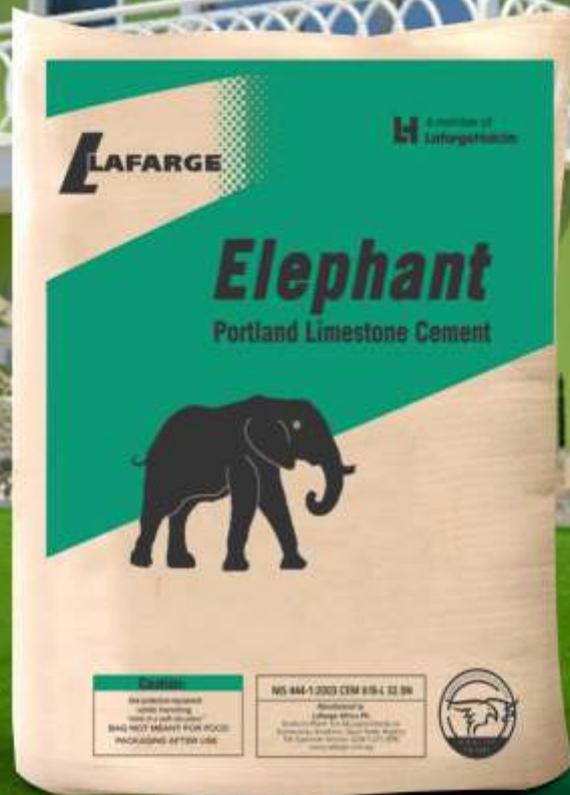
national operators, with 53 Ready Mix plants and 6 Ready Mix mobile plants, which have combined capacity in excess of three million cubic metre. Ash Resources comprises an estimated "run of station" production capacity of c.4.1mtpa, being the largest in South Africa.

MORTAR

We recently launched a new product line for special building mortar-based solutions starting with Supafix Tile Adhesive. The first of its kind in the Nigerian market, Lafarge Supafix is a cementitious tile adhesive made of cement, aggregates, as well as organic and inorganic additives. The solution is designed specifically for tiling and has proven to be particularly efficient for in door floor and wall applications.



Build your home with
**Elephant
Cement**



- ▲ **Superior Strength**
- ▲ **Superior Quality**
- ▲ **Superior Finishing**



Build to Last...Build with Lafarge Cement



FINANCIAL HIGHLIGHTS

For the year ended 31st December, 2018

	2018 N'000	2017 N'000	Change %
Revenue	308,425,456	299,153,305	3%
Gross profit	69,682,870	48,974,413	42%
Operating profit	24,810,813	7,885,506	215%
Loss after tax	(8,801,726)	(34,601,409)	-75%
Non-controlling interests	305,322	407,998	-25%
Retained earnings	138,272,355	160,257,556	-14%
Share capital	4,336,715	2,787,888	56%
Shareholder's fund	134,541,089	156,986,755	-14%
Proposed dividend	-	13,010,143	-100%

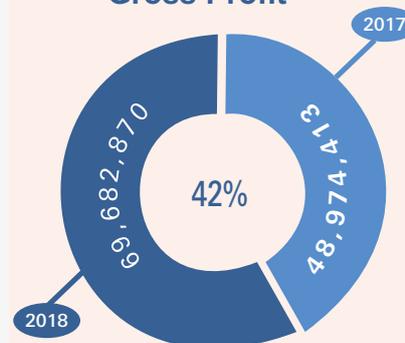
Per share data (kobo)

(Loss) - Basic (K)	(105)	(637)	-0.84
(Loss) - Diluted (K)	(105)	(631)	-0.83
Dividend (K)	-	150	-1.00
Net assets (K)	1551	2816	-0.45
Number of employees	2964	3335	-0.11

Revenue



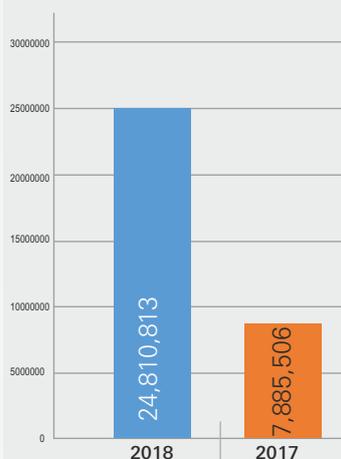
Gross Profit



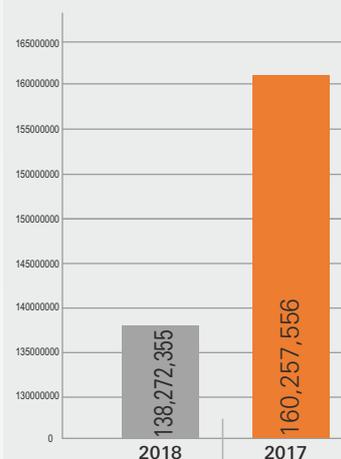
Number of Employees



Operating Profit



Retained Profit



Build Your Dream Home



Ashaka Cement ... Quality Assured!

- ^ High Quality
- ^ Solid Structures
- ^ Superb Finish

Build to last.....Build with Lafarge Cement

L A member of
LafargeHolcim

LAFARGE
Building better cities™



**MOBOLAJI
BALOGUN**
Chairman, Board of
Directors

CHAIRMAN'S STATEMENT

Fellow shareholders, I am delighted to welcome you all to the 60th Annual General Meeting ("AGM") 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, 2018.

This year marks the 60th anniversary of the Company since its incorporation in 1959. Looking back, I must pay tribute and commend the vision of the leadership of the then old Western Region of Nigeria to set up the Company in partnership with Associated Portland Cement, UK which later transformed to Blue Circle Industries Plc, UK. From a modest annual cement production capacity of 0.2mt commissioned in 1960 in Ewekoro, the Company through organic growth and acquisitions now have 10.5mt in total annual production capacity and has become a market leader in the domestic cement market having the widest geographical footprint in Nigeria with operations in the South West (Sagamu, Ewekoro), North East (Ashaka) and the South East (Mfamosing, Calabar). Given this footprint, the Company continues to make substantial contributions to the economic growth of Nigeria by impacting the ecosystem positively and generating opportunities for trade and employment without losing focus on sustainability and the environment.

DEBT RESTRUCTURING & RIGHTS ISSUE

When the N131.6 billion Rights Issue was concluded in March 2018, the Board recognized that some further steps were necessary to address outstanding debts of the Company so as to reduce financing cost and to provide additional working capital to limit the use of expensive overdrafts and other short term debts to finance operations. The first step was the restructuring of the foreign currency intercompany loans (US\$315.2m) owed to Caricement B.V, a subsidiary of the LafargeHolcim Group ("LH"). Pursuant to the resolution passed by shareholders at an Extra Ordinary General Meeting held on Tuesday September 25, 2018, US\$22.2m of the outstanding loans were retained as short tenor while US\$293m was restructured into longer tenor of 7.5 years with a moratorium of 2 years on payment of interests and split into smaller tranches to enable the Company to repay as at when its cash flow permits. Thus the terms of the restructured loans provided flexibility in terms of Lafarge Africa's financing arrangements, particularly regarding the two (2) year moratorium granted on the long term loans.

Secondly, the Board proposed at the EGM of September 25, 2018 and shareholders approved the launch of a second Rights Issue of up to N90 billion. Following this approval, a Rights Issue of N89.2 billion was concluded in January 2019, on the basis 6 new ordinary shares at N12.00 per share for every 7 ordinary shares held by

existing shareholders. At closure, the offer was fully subscribed and the net proceeds of N87.9 billion was utilized as contained in the Rights Circular to repay US\$22.2m (N8 billion - 9.1%) short term intercompany debt owed to Caricement B.V. The entire N49.7 billion (56.5%) owed to local banks on short term loans were fully repaid and the balance of N30.2 billion (34.4%) retained for working capital to limit further use of overdrafts. I would like to thank all of our shareholders who expressed their faith in the future of the Company and participated in the offer, albeit, in a difficult period for the Nigerian equities market.

LAFARGE SOUTH AFRICA OPERATIONS

Lafarge South Africa Holdings Pty Limited ("LSAH") is a 100% subsidiary of the Company. The Company's ownership 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. The remaining shareholding (27.60%) is held under the broad-based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003).

LSAH's operations have been subjected to a challenging market in South Africa, with shrinking demand in an aggressively competitive market. In the last 4 years low growth indicators, growing budget deficits, declining infrastructure spend and reduced consumer discretionary income continue to constrain industry volumes; and characterize the downward trend in South Africa's building materials sector.

As part of its audit exercise with respect to the 2018 accounts, KPMG Professional Services as auditors of the Company informed the Company's management that, based upon its assessment of the 2018 performance of LSAH, the valuation of LSAH in the accounts of the Company would have to be impaired to a tune of N 70 billion. The Board, sought further information and acting within its responsibilities, delayed the approval of the 2018 accounts, whilst seeking the optimal resolution of this significant issue which had a potential major impact on shareholders' value in the Company. During deliberations by the Board on this matter, various options were considered including an immediate exit from South Africa. The Board then arrived at the conclusion that the disposal of LSAH was the best option for limiting any further downside, especially for minority investors. In addition and having considered all the options, the Board concluded that a buy-back by LH was the most



appropriate means of deriving the best value from the proposed sale in the interest of all stakeholders and most especially the minority shareholders. Understanding the implication of the potential impairment on the Company, LH acted timeously by agreeing to enter into negotiations with the Company with respect to the potential sale.

To ensure that the negotiation was at arm's length, the Board adopted a process that fully complied with Nigerian Stock Exchange ("NSE") rule that guides transactions between Related Party and Interested Persons. The process adopted by the Board is described in paragraphs 2, 3 and 4 of the Explanatory Note on the transaction included in pages 144 -150 of this Annual Report & Accounts.

Following discussions and various negotiations on the proposed sale, LH agreed to purchase LSAH for the Consideration being a set-off of all the outstanding amounts due by the Company to Caricement under the Inter-Group Loan Agreements at the Closing Date which is July 31, 2019. The agreed Consideration is US\$316,289,061 (three hundred and sixteen million, two hundred and eighty nine thousand and sixty one United State Dollars) being the sum total of the principal sum of US\$293,000,000.00 plus all accrued interest of US\$23,289,061 as at July 31, 2019.

The proposed sale is expected to enhance the shareholder value in Lafarge Africa, which is of utmost importance to the Board. In addition, following the conclusion of the proposed sale, Lafarge Africa's shareholder loan of US\$293,000,000.00 as at July 31, 2019, which represents the only existing foreign currency loan in the books of the Company will be completely paid off. This full repayment of the Shareholder Loan will protect and preserve Lafarge Africa's net Income and cash flows considering the resulting decrease in debt service and the Company's debt will be reduced by c.N115 billion and an additional c.N47 billion through the deconsolidation of LSAH. The N162 billion reduction in the Company's debt will deliver an improvement in cash flow and net income, and will enable Lafarge Africa to consider additional investments in cement production capacity and to improve its market share in Nigeria. The sale is also expected to boost the Company's profitability, through positive cash flow generation.

The Board believes that, under the circumstances and given the likelihood that LSAH's continued operational and financial performance would have required Lafarge Africa to take a very significant impairment on its investment, the Consideration of US\$316,289,061 represents a desirable outcome, creating certainty for Lafarge Africa and simplifying the business. The Board therefore strongly recommends the transaction for consideration by shareholders of the Company and urges shareholders to approve the transaction.

On the back of this recommendation by the Board, the impairment of the investment in LSAH that is recognised

in the 2018 audited Financial Statements is c.N3.2 billion which represents the difference between the carrying value of the investment (N118.1 billion) and the net sale proceeds translated from US\$ to Naira based on the prevailing exchange rate as at 31 December 2018.

NIGERIAN OPERATIONS

Despite the challenging economic and regulatory operating environment, the Company has continued to make significant progress on a number of fronts, thereby ensuring solid operating performance. EBITDA margins in the Nigerian operations stood at 27% at the close of the year resulting from a stable pricing environment, stabilizing industrial operations, the use of alternative energy and the execution of our commercial and logistics performance improvement plan.

Overall domestic demand estimated at c.21mt for 2018 represents 11.5% on the 18,5mt estimated for 2017. Following the collapse in global commodities market in 2016 which led to a significant fall in crude oil price, the construction sector suffered a contraction that led to 18.5% drop in demand for cement by the end of 2017. The growth in demand seen in 2018 was therefore from a low base for 2017. Since Nigeria's Gross Domestic Product (GDP) pulled out of negative territory in 2017 there has been a gradual increase in demand for cement and the trend seen so far for 2019 suggest growth close to that of 2018.

RESULTS FOR THE YEAR

The stabilization of cement selling price plus c.9% growth in cement dispatched in Nigeria helped to improve turnover in 2018 by approx. 3% to N308.4 billion. The improvements in cost and execution of the new route to market had a positive impact on operating profit which increased by over 200% from N7.9 billion in 2017 to N24.8 billion in 2018. However, this was turned into a loss before tax of N19.5 billion as a result of N45.9 billion financing cost incurred for the year. Deferred tax asset estimated for the year was N12.1 billion on account of deductible timing differences, pioneered activities in Mfamosing and unutilized tax losses reduced the loss after tax for the year to N8.8 billion (2017: N34.6 billion).

It is expected that the reduction in the debt of the Company following the conclusion of the N89.2 billion Rights Issue and the approval of the proposed sale of LSAH will result into a substantial reduction in financing cost as from 2019.

DIVIDEND

On the basis of the results for the year, the Board is unable to propose a dividend. If the sale of LSAH as proposed by the Board to shareholders is approved, the only debt that will remain on the books of the Company will be the second tranche of the N60 billion corporate bond i.e N33.6 billion due for redemption in June 2021 and N11.3 billion in respect of CBN Power Intervention Funds through Bank of Industry, compared with total debt of c.N266 billion at the close of 2018. This significant reduction in debt holds prospects for dividend distribution in future.



CORPORATE SOCIAL RESPONSIBILITY (CSR)

Our Sustainability Report which sets out our key activities during the year under review is on pages 42 to 48 of the Annual Report. As in previous years, the Lafarge Africa National Literacy Initiative continues to be one of our CSR flagships, an annual event which covers the entire nation and supports the key priority of educating our children.

Embedded in our CSR initiatives are sustainability programmes which align with the United Nations Sustainable Development Goals covering the main pillars of Climate, Circular Economy, Water and Nature as well as People and Communities. We continue to make great strides in the areas of reduction of Co2 emissions through increased use of bio-fuels as alternative to fossil fuel for our cement manufacturing operations. We are also focused on provision of basic health care and gender diversity. In 2018, the Geocycle business of LafargeHolcim was launched in Lafarge Africa. Geocycle services preserve natural resources and play an important role in reducing the carbon footprint of the Group's manufacturing plants. Geocycle sits under the pillar of Circular Economy in our sustainable development programme which is aimed at reducing our dependency on fossil fuels and transforming waste into resources in our production processes. Our Geocycle initiative has begun to grow and impacting the ecosystem positively by creating jobs. In 2018, we used an average of 10% in alternative fuel (nearly 48% and 33% at Ewekoro I and Sagamu Plant respectively). Waste material used in 2018 was about 82 ktons as part of our contribution in resolving the emerging global issue of waste management.

BOARD CHANGES

Since the last Annual General Meeting, Mr Jean-Carlos Angulo, Ms. Sylvie Rochier, Ms Geraldine Picaud and Dr Shamsuddeen Usman resigned from the Board. I wish to express our gratitude to these Directors for their service to the Company and wish them success in all of their future endeavours.

At the Extra-Ordinary Meeting (EGM) of the Company held on 25th September, 2018 shareholders approved the appointment of Mr Rossen Papazov. Mr Papazov is the CEO of the Lafarge South Africa operations.

To fill the vacancies, Mr Jean-Philippe Benard (on 31st October 2018) and Ms Karine Uzan Mercie (22nd March 2019) were appointed to the Board. Their profiles are on pages 28 to 29 of the Annual Report. On behalf of the Board of Directors and shareholders, I warmly welcome them to the Company's Board.

In accordance with our Articles of Association, the

Directors to retire by rotation at the AGM and who being eligible now offer themselves for re-election are Mrs Adenike Ogunlesi, Mrs Elenda Giwa-Amu and Mr. Adebode Adefioye.

FUTURE OUTLOOK

The approval by shareholders of the proposed sale of LSAH is expected to boost the Company's cashflow and net income, given the reduction in debt service outflows, cut annual interest expense on account of the full repayment of the foreign currency inter-company loan, enable the Company to reinvest in (and expand) operations in existing plants in Nigeria, enable the management of Lafarge Africa to devote attention to Lafarge Africa's operations with higher profitability and prospects, strengthen Lafarge Africa's Balance Sheet and position the Company to improve overall profitability.

CONCLUSION

I would like to express gratitude on behalf of the Board to all our stakeholders particularly our management and staff whose individual and collective efforts make the difference in a challenging economic environment.

I thank our key partners namely our distributors, customers, transporters, suppliers, bankers, bondholders and other service providers for their support during 2018.

My sincere gratitude to all my fellow shareholders for their continued support and encouragement. Our largest shareholder and partner, LafargeHolcim continues to provide commercial and technical support to our operations, for which we remain grateful. I must recognize LafargeHolcim for responding timeously to the need to resolve the issue with LSAH and I express in particular, my appreciation to Ms Geraldine Picaud, the LafargeHolcim Group CFO who led the LafargeHolcim representatives at the negotiations, for the pivotal role she played in ensuring that we were able to conclude the proposed sale, in time for consideration of shareholders and approval at this AGM.

Finally, I thank my colleagues on the Board for their commitment, support, counsel and insights which have continued to guide the Company through this challenging times.

My colleagues on the Board, distinguished shareholders, ladies and gentlemen, once again I welcome you to the 60th AGM of your company and invite you to participate in the agenda of the meeting.

Thank you and God bless.



Mobolaji Balogun
Chairman
Lafarge Africa Plc



BUILD EASY WITH LAFARGE

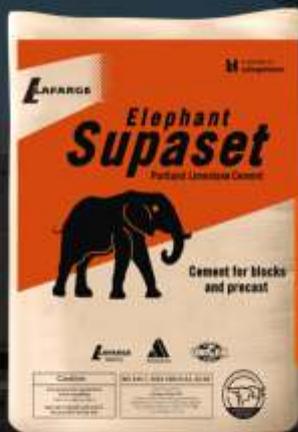
Easy Home

Lafarge Easy Home is an innovative affordable housing initiative that provides individual home builders with access to free designs, free bill of quantity (BOQ) trusted builders, mortgage and dedicated retailers.



General Use Cement

Lafarge General Use cement are products that offer reliable quality and high performance to the requirement of a wide range of concrete application such as; foundation, columns, beams, unreinforced light industrial works, reinforced concrete, mass concrete and masonry works (plastering and bricklaying). These products are known for very smooth finish and good workability.



Elephant Supaset

is a fast setting cement that is specifically formulated for block making, interlocking, well rings, poles and spun concrete pipe manufacturing. The product is characterised by rapid strength development.

Call us to order now 01-2713990
customerserviceng@lafargeholcim.com

A member of
LafargeHolcim



@LafargeAfricaPlc



@Lafarge_Africa



@Lafarge_Africa

LAFARGE
Building better cities

CORPORATE INFORMATION

DIRECTORS

MR. MOBOLAJI BALOGUN
Chairman

MR. GUILLAUME ROUX
(resigned w.e.f. 6th April 2018)

MS. SYLVIE ROCHIER
(resigned 30th October 2018)

MR. MICHEL PUCHEROS
Group Managing Director/CEO

MR. ADEBODE ADEFIOYE

MR. JEAN-CARLOS ANGULO
(resigned w.e.f. 20th July 2018)

**DR. SHAMSUDDEN
USMAN CON, OFR**
(resigned w.e.f. 1st April 2019)

DR. ADEBAYO JIMOH
(resigned w.e.f. 6th April 2018)

ALHAJI UMARU KWAIRANGA
(resigned w.e.f. 6th April 2018)

MRS. ELENDA GIWA-AMU

MRS. ADENIKE OGUNLESI

MS. GERALDINE PICAUD
(resigned w.e.f. 21st March 2019)

MR. CHRISTOF HASSIG
(appointed w.e.f. 7th April 2018)

MR. GRANT EARNSHAW
(appointed w.e.f. 7th April 2018)

MR. ROSSEN PAPA ZOV
(appointed w.e.f. 21st July 2018)

MR. JEAN-PHILIPPE BENARD
(appointed w.e.f. 31st October
2018)

MS. KARINE UZAN MERCIÉ
(appointed w.e.f. 22nd March
2019)

COMPANY REGISTRATION NUMBER

RC 1858

COMPANY SECRETARY

Mrs. Adewunmi Alode

REGISTERED OFFICE

No 27B, Gerrard Road,
Ikoyi, Lagos.

INDEPENDENT AUDITOR

KPMG Professional Services
KPMG Tower,
Bishop Aboyade Cole Street,
Victoria Island,
Lagos.

REGISTRAR

Cardinal Stone (Registrars) Limited
No 358, Herbert Macaulay Road,
Yaba, Lagos.

PRINCIPAL BANKERS

Access Bank Plc
Citibank Nigeria Limited
Diamond Bank Plc
Ecobank Nigeria Limited
First Bank of Nigeria Limited
Guaranty Trust Bank Plc
Standard Chartered Bank Plc
Stanbic IBTC Bank Limited
United Bank for Africa Plc
Wema Bank Plc
Zenith Bank Plc
Union Bank of Nigeria Plc



MR. MOBOLAJI OLUDAMILOLA BALOGUN

- Chairman

Mobolaji Balogun joined the Board of the Company on the 1st of March 2005 and was appointed as the Chairman of Lafarge Africa on the 22nd of May 2015. He is the Chief Executive Officer of Chapel Hill Denham, one of Nigeria's leading investment firms and Chief Investment Officer of the Nigeria Infrastructure Debt Fund. Bolaji has over twenty-eight years of experience in investment banking and mobile telecommunications.

He spent eleven years within FCMB Group, in investment banking and securities trading, leaving the business in January 2001. From April 1993 to January 2001, he was Executive Director and Chief Operating Officer at CSL Stockbrokers (part of FCMB Group). Bolaji was also Executive Director at FCMB Capital Markets from January 1996, where he led advisory teams in major corporate and commercial transactions.

He left FCMB Capital Markets in January 2001, to become a co-founder and Director of Econet Wireless Nigeria, now Airtel Nigeria. He led the capital raising and license bid auction process for Econet Wireless Nigeria's USD285 million GSM license. He was pioneer Chief Business Development and Strategy Officer and in October 2001, was appointed Chief Marketing Officer. The US\$1.67 billion sale of Econet Wireless to Celtel in 2005 remains Nigeria's single largest successfully exited private investment. Bolaji left mobile telecommunications and returned to investment banking, when he founded Chapel Hill in 2005.

Bolaji is Vice Chairman of Endeavor Nigeria and a Director of Trustfund Pensions Plc, one of Nigeria's largest Pension Fund Managers. He was formerly Chairman of Nahco FTZ Limited, a former Director of Nahco Aviance Plc and NASD Plc. He was appointed to the Johannesburg Stock Exchange, Africa Advisory Board in September 2009. Bolaji is an Economics (Honours) graduate of the London School of Economics, University of London.



BOARD OF DIRECTORS' PROFILE

MR. ADEBODE ADEFIOYE

- Director

Mr. Adebode Adefioye was appointed to the Board of the Company on the 20th December 2012. He has over 32 years work experience in different industries.

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

Mr. Adebode Adefioye currently holds Directorship positions on the Board of Wema Bank Plc and Eterna Plc.



MR. MICHEL PUCHERCOS

- GMD/CEO

Mr. Michel Pucheros 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 in 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 16th March 2016.





MRS. ELENDA GIWA-AMU

- Director

Mrs. Elenda Ohirenuwa Giwa-Amu is the CEO, Chandrea Lifestyle Limited, an Interior design company. She was the MD (Acting) Cross River State Tourism Bureau and Executive Secretary, Cross River State Carnival Commission, the prime driver of Calabar Carnival, which is regarded as Cross River State's most enduring brand.

She holds a B.Sc Honours in Microbiology/Zoology, from the University of Maiduguri and an Associate Degree in Design Technology from F.I.T New York. She is a member of the Women in Manufacturing (WIM) Africa and previously, Head, Private Banking, Chartered Bank now Stanbic IBTC.

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



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's 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 a 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 the 11th March 2015.

MR. CHRISTOF HASSIG

- Director

Mr. Christof Hassig joined Holcim Group in 1999. Before then he worked for 25 years at UBS performing in many different functions, including global relationship manager and investment banker for multinational corporates in Switzerland and abroad. Christof holds a Master's degree in Banking and the Advanced Management Program at Harvard Business School. He currently heads the Corporate Strategy, Mergers & Acquisitions function at LafargeHolcim.

He was appointed to the Board of Lafarge Africa Plc on the 7th of April 2018.



MR. GRANT EARNSHAW - Director

Mr. Earnshaw holds a Postgraduate Diploma in Business Administration from Edinburgh Business School, and is a certified Building and Civil Engineer from Peterborough Technical College with trainings in Concrete Technology & Construction from UK Construction Industry Training Board. Grant has held several positions at LafargeHolcim, prior to this appointment, he held several positions as Senior VP & Head of Integration, CEO of Lafarge Iraq, Group Vice President Strategy, Development, mergers & Acquisition EMEA Region - Lafarge (UK & France) and Managing Director, Lafarge Middle East and Project Engineer at Balfour Beatty Plc.

Grant is a Fellow of the Institute of Directors (UK) and is currently the Area Manager for Middle East at LafargeHolcim.

He was appointed to the Board of Lafarge Africa Plc on the 7th of April 2018.



MR. ROSSEN PAPAZOV - Director

Mr. Rossen Papazov (Bulgarian) is currently the Country Chief Executive Officer (CEO) of LafargeHolcim South Africa. He joined LafargeHolcim Group in 2000 as a Business Development Manager. Before then, he worked at the World Bank as a Financial Management Specialist in Sofia, Bulgaria, and as a Senior Associate at Arthur Andersen. Rossen holds an MBA from the prestigious International Institute for Management Development, Lausanne, Switzerland, and he is a Fellow of the Association of Certified Chartered Accountants, Glasgow, UK.

He was appointment to the Board of Lafarge Africa Plc on the 21st of July 2018.



MR. JEAN-PHILIPPE BENARD - Director

Mr Jean-Philippe Benard (French) is currently the Chief Procurement Officer (CPO) of LafargeHolcim. He joined LafargeHolcim in 2012 as the Vice-President, Energy Group. Before then, he worked at Saint-Gobain Glass as a Chief Procurement Officer, and as an International Energy Manager at Arcelor. Jean-Philippe holds an MSc degree in Mathematics and Mechanics from the Universite Paris VI Pierre et Marie Curie, France. He is also a graduate of Engineering school, Ecole Nationale des Ponts et Chaussées, en French engineering school.

He was appointed to the Board of Lafarge Africa Plc on the 31st of October 2018.



MS. KARINE UZAN MERCIÉ

- Director

Ms. Karine Uzan Mercie is currently the Group Head of Tax at LafargeHolcim.

Prior to joining LafargeHolcim in 2018, she occupied different positions in corporate finance including Vice-President Tax & Corporate Initiatives, Treasurer Europe and Vice-President Public Affairs & Communication, France at Coca-Cola Enterprises Inc. in Atlanta, USA. She was also Vice-President Tax at Alstom in Paris, France and International Tax lawyer at Ernst & Young in Paris, France.

Karine is a lawyer and member of the Paris Bar. She is a knight of the legion of honor of France. She co-chairs the investment committee of the LafargeHolcim UK pension fund, is a board member of AACHEDE and Puissance Elles, non-profit French organisations.

She was appointed to the Board of Lafarge Africa Plc on the 21st of March 2019.



MRS. ADEWUNMI ALODE

- Company Secretary

Adewunmi Alode holds a Bachelor of Laws degree from the Lagos State University and professional certification of a Chartered Secretary from the Institute of Chartered Secretaries and Administrators (ICSA) UK. She was called to the Nigerian Bar in 2005. She is currently undergoing her Masters in Business Administration (MBA) at the Business School Netherlands.

She was Company Secretary of Unicorn Holdings Limited. She joined Lafarge Africa Plc (then Lafarge Cement WAPCO Nigeria Plc) in 2008 as a legal officer and rose to assume several roles within the Company including Company Secretary of the wholly owned subsidiary, Lafarge ReadyMix Nigeria Limited, Compliance Officer, Legal Manager and Senior Legal Counsel, Commercial Contracts.

She was appointed as the Company Secretary to the Board on the 12th of December 2017.



LEADERSHIP TEAM



1



2



3



4



5



6



7



8



9



10



11



12



13



14

- 1 MICHEL PUCHERCOS
GMD/CEO
- 2 BRUNO BAYET
Chief Financial Officer
- 3 FIDELIA OSIME
Organization & HR Director
- 4 OLUSEGUN SHOYOYE
Industrial Director

- 5 GBENGA ONIMOWO
Commercial Director
- 6 LOLU ALADE-AKINYEMI
Supply Chain Director
- 7 BESTOW ENUMA AKEZE
Head of Aggregates & Concrete
- 8 VIPUL AGRAWAL
Pricing & Market Innovation Director
- 9 EDITH ONWUCHEKWA
Legal & Compliance Director

- 10 FOLASHADE AMBROSE-MEDEBEM
Communications, Public Affairs &
Sustainable Development Director
- 11 HELMUT KORAK
Country Security Manager
- 12 RABIU UMAR ABDULLAHI
Managing Director, Ashaka
- 13 OLUFOLAKE ODEGBAMI
Head of Safety, Health & Environment
- 14 DANIEL ADEDOKUN
Head of Geocycle Nigeria



You would rather
use  than 

But when you need to
mix concrete, you
would pick 

over  



Lafarge ReadyMix is mixed to your specification and delivered to you wherever you are.
It's more convenient, more cost effective, and speeds up your project.
So, if you're still doing things the old way...

 A member of
LafargeHolcim

HERE'S SOME SOLID ADVICE.
USE LAFARGE READYMIX.
CALL 0700READYMIX

 **LAFARGE**
Building better cities™

www.lafarge.com.ng | 01 2713990

DIRECTORS' REPORT

The Directors are pleased to present the Annual Report of Lafarge Africa Plc ("the Company") and its subsidiaries (together as "the Group") along with the audited Consolidated and Separate Financial Statements of the Group for the year ended 31st December, 2018.

1. LEGAL FORM

Lafarge Africa Plc, a public quoted company on the Nigerian Stock Exchange 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 name of the Company was changed from Lafarge Cement WAPCO Nigeria Plc to Lafarge Africa Plc on the 9th of July 2014.

2. SUBSIDIARIES

The Company has full ownership of Lafarge ReadyMix Nigeria Limited, Ashakacem Limited with majority shareholding in Lafarge South Africa Holdings (pty) Limited.

3. PRINCIPAL ACTIVITIES

During the year under review, the principal activities of the Group and the Company remained manufacturing and marketing of cement, concrete and aggregates products, including the provision of building solutions.

4. SUMMARY GROUP FINANCIAL RESULTS FOR THE YEAR

	2018	2017	
	N'million	N'million	% Change
Revenue	308,425	299,153	3.1%
Loss before tax	(19,508)	(34,032)	42.7%
Income tax credit (charge)	10,707	(281)	3710%

5. SHAREHOLDING AND SUBSTANTIAL SHAREHOLDERS

The issued and fully paid-up Share Capital of the Company as at 31 December 2018 was 8,673,428,465 ordinary shares of 50kobo each (31 December 2017: 5,575,775,442 ordinary shares of 50 kobo each). The Register of Members show that three companies: Associated International Cement Limited (AIC UK) holding 18.82%, Lafarge Associated Nigeria Limited holding 8.95% and CariCement BV holding 48.55% held more than 5% of the Company's Issued share capital. The remaining 23.68% of the issued shares were held by other individuals and institutions.

LafargeHolcim Limited is an international investor holding its shares in the names of its subsidiaries: AIC UK (18.82%), Lafarge Associated Nigeria Limited (8.95%), and CariCement BV (48.55%). Total shareholding of LafargeHolcim Limited in the Company was 76.32% as at 31 December 2018.

After the 2019 rights issue, the issued and fully paid up share capital became 16,107,795,721 ordinary shares of 50k each. The share holding structure post the 2019 rights issue is as follows: Associated International Cement Limited (AIC UK) holding 22.95%, Lafarge Associated Nigeria Limited holding 4.82% and CariCement BV holding 56.04%. The remaining 16.19% of the issued shares were held by other individuals and institutions.

Aside the aforementioned three companies, no other shareholder held more than 5% of the issued share capital of the Company as at 31 December 2018.

6. PROPERTY, PLANT & EQUIPMENT

Information relating to changes in property, plant & equipment is disclosed in Note 16 to the Financial Statements.

7. UNCLAIMED DIVIDEND AND SHARE CERTIFICATES

The Company has posted a list of unclaimed dividends and share certificates on the company's website. 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 Registrar, Cardinal Stone Registrars Limited.

The Company's Registrar has advised that the total amount of unclaimed dividends outstanding as at 31st December 2018 is N1,152,020,632.67 and the sum of N1,029,653,213 was returned to Lafarge Africa Plc in line with the Rules of the Securities and Exchange Commission leaving the cash balance of N122,367,419.52 with the Company's Registrars.

8. DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENT

The Directors accept responsibility for the preparation of the annual financial statements as set out on page 49 that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act Cap C20, Laws of the Federation of Nigeria 2004 and the Financial Reporting Council of Nigeria Act 2011.



DIRECTORS' REPORT

The Directors further accept responsibility for maintaining accounting records as required by the Companies and Allied Matters Act and for such internal control as the Directors determine is necessary to ensure adequate internal control procedures are instituted to safeguard assets, prevent and detect frauds, errors and other irregularities.

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

going concern for at least twelve months from the date of this statement.

9. DIRECTORS' INTEREST IN SHARES

In accordance with sections 275 and 342 of the Companies and Allied Matters Act, Cap C20 Laws of the Federation of Nigeria 2004 and in compliance with the Listing Rules of the Nigerian Stock Exchange, the interest of Directors in the issued share capital of the Company are as recorded in the Register of Members and/or notified by them are as follows:

NAMES	No of Shares 18.06.19	No of Shares Direct 31.12.18	No of Shares Indirect 31.12.18	No of Shares Direct 31.12.17	No of Shares Indirect 31.12.17
Mr. Mobolaji Balogun	10,000,000	4,000,000	Nil	2,510,331	Nil
Mr. Michel Puchercos	Nil	Nil	Nil	Nil	Nil
Dr. Shamsuddeen Usman CON, OFR**	113,745	75,782	Nil	48,710	Nil
Mr. Adebode Adefioye	Nil	Nil	Nil	Nil	Nil
Mrs. Elenda Giwa-Amu	203,550	203,550	Nil	203,550	Nil
Mrs. Adenike Ogunlesi	Nil	Nil	Nil	Nil	Nil
Ms. Geraldine Picaud**	Nil	Nil	Nil	Nil	Nil
Mr. Christof Hassig	Nil	Nil	Nil	Nil	Nil
Mr. Grant Earnshaw	Nil	Nil	Nil	Nil	Nil
Mr. Rossen Papazov	Nil	Nil	Nil	Nil	Nil
Mr. Jean-Philippe Benard	Nil	Nil	Nil	Nil	Nil
Mr. Guillaume Roux*	Nil	Nil	Nil	Nil	Nil
Ms. Sylvie Rochier*	Nil	Nil	Nil	Nil	Nil
Dr. Adebayo Jimoh*	465,687	250,755	Nil	161,200	Nil
Alhaji Umaru Kwairanga*	405,111	405,111	Nil	318,149	Nil
Mr. Jean Carlos Angulo*	Nil	Nil	Nil	Nil	Nil
Ms. Karine Uzan Mercie *	Nil	Nil	Nil	Nil	Nil
Grand Total	11,188,093	4,935,198		3,241,940	

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

* Not a member of the Board of Directors as at 31st December 2018.

** Resigned from the Board in 2019

10. DIRECTORS' INTEREST IN CONTRACTS

In accordance with Section 277 of the Companies & Allied Matters Act (cap C20, Laws of the Federation of Nigeria, 2004), Directors who had interest in contracts or transactions during the year had notified and declared their interest to the Company to the effect that they held directorship position or shareholding in companies which could be regarded as interested in a contract or transaction. The Directors' interest have been noted in the minutes of meeting.

11. DONATIONS AND CHARITABLE GIFTS

In 2018, Lafarge Africa Plc expended ₦868,878,089 on diverse social investment programs and initiatives in our communities pan-Nigeria. The list of donations and charitable gifts are as follows:

Host Community Development Projects across Nigeria	₦705,808,000
The Lafarge Africa National Literacy Competition	₦125,867,089
Donations and other charitable gifts	₦37,203,000
Total	₦868,878,089



In accordance with Section 38(2) of the Companies and Allied Matters Act Cap C20 Laws of the Federation of Nigeria, 2004, which is also consistent with the LafargeHolcim Group Donations Policy, the Company did not make any donation or gift to any political party, political association or for any political purpose during the year in review.

12. 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 59th Annual General Meeting held in Lagos on the 16th of May 2018 comprising of three (3) shareholders and three (3) Directors. The three (3) shareholders representatives are: Mr. Olawale Oyedele, Chief Peter Asu, Mr. Adebayo Adeleke. The three Directors are: Dr. Shamsudden Usman CON, OFR, Ms Karine Uzan Mercie and Mrs. Elenda Giwa -Amu.

13. AUDITORS

In accordance with section 357 (2) of the Companies and Allied Matters Act, KPMG Professional Services had indicated their willingness to continue in office as External Auditors of the Company. A resolution will be proposed to authorize the Directors to fix their remuneration.

CORPORATE GOVERNANCE REPORT

The Board of Lafarge Africa Plc remains committed to the highest standards of corporate governance, in order to achieve long-term value and success for all stakeholder groups comprising of customers, shareholders, employees, creditors, suppliers and the communities in which the Company operates.

Our 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 also serves as the ethical road map for the Company, its directors, employees and stakeholders. The Code of Business Conduct is supplemented with appropriate mechanism for reporting any concerns pertaining to non-adherence.

The Company continues to adhere to the provisions of 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 applicable regulations. This report describes how the Board has

been complying with the codes as well as best practice in corporate governance.

1. BOARD COMPOSITION AND ITS COMMITTEES

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, the Company's Articles of Association provides that the Company's Board shall consist of not more than Eleven (11) Directors. In 2018, the Board comprised of Ten (10) Non-Executive Directors and One (1) Executive Director.

The composition of the Board is a mix of Executive and Non-Executive Directors with high level of competencies and experience, with admirable records of achievement in their respective fields.

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

2. ROLE OF THE BOARD

The Board met regularly to consider the matters reserved for it, set broad policies for the Company's business and operations and ensured that a professional relationship was 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 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 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.



DIRECTORS' REPORT

- 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.

3. BOARD CHANGES

The following Directors resigned from the Board of the Company since the last Annual General Meeting:

- Mr. Guillaume Roux (w.e.f 6th April 2018)
- Dr. Adebayo Jimoh (w.e.f 6th April 2018)
- Alhaji Umaru Kwairanga (w.e.f 6th April 2018)
- Mr. Jean-Carlos Angulo (w.e.f 20th July 2018)
- Ms. Sylvie Rochier (w.e.f 30th October 2018)
- Ms. Geraldine Picaud (w.e.f 22nd March 2019)
- Dr. Shamsuddeen Usman CON OFR (w.e.f 1st April 2019)

To fill the vacancies created by the resignation of the above Directors and upon due consideration and recommendation of the Board Nominations and Remuneration Committee, the following Directors were appointed by the Board;

- Mr. Christof Hassig (Non-Executive Director) w.e.f 7th April 2018, ratified at the 59th AGM held on the 16th May 2018;
- Mr. Grant Earnshaw (Non-Executive Director) w.e.f 7th April 2018, ratified at the 59th AGM held on the 16th May 2018;
- Mr. Rossen Papazov (Non-Executive Director) w.e.f 21st July 2018 ratified at the EGM held on the 25th September 2018;
- Mr. Jean-Philippe Benard (Non-Executive Director) w.e.f 31st October 2018;
- Ms. Karine Uzan Mercie (Non-Executive Director) w.e.f 22nd March 2019

The profiles of Mr. Jean-Philippe Benard and Ms. Karine Uzan Mercie are contained in pages 28 -29 of this Annual Report. Their appointments as Directors will be presented

to Shareholders for ratification at the Annual General Meeting scheduled to hold on the 22nd of July 2019.

4. RETIREMENT BY ROTATION

In accordance with Articles 97 to 99 of the Company's Articles of Association, one-third of all Non-Executive Directors (rounded down) are offered for re-election every year (depending on their tenure on the Board) together with directors appointed by the Board since the last General Meeting.

Pursuant to this, the Directors to retire by rotation and who being eligible, offer themselves for re-election are Mr. Adebode Adefioye, Mrs. Elenda Giwa-Amu and Mrs. Adenike Ogunlesi.

The profile details of the Directors standing for re-election are set out on pages 26 to 27 of this Annual Report.

5. BOARD 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 2018 are detailed below and will be available for inspection at the venue of the Annual General Meeting.

6. BOARD MEETINGS

The Board has a formal schedule of meetings each year. In 2018, the Board met seven (7) times in the course of the year under review in line with the formal schedule and met six (6) times for unscheduled emergency meetings due to the Related Party transactions and the Rights Issue programme. The record of attendance of the Directors at the scheduled meetings is as follows:

Dates of scheduled Board Meetings held in 2018: 1st March 2018, 27th March 2018, 16th May 2018, 20th July 2018, 25th September 2018, 30th October 2018 and 10th December 2018.

S/N	NAME	No. of Meetings
1.	Mr Mobolaji Balogun	7/7
2.	Mr. Michel Puchercos	7/7
3.	Dr. Shamsuddeen Usman CON, OFR*	7/7
4.	Mr. Adebode Adefioye	7/7
5.	Mrs. Elenda Giwa-Amu	6/7
6.	Mrs. Adenike Ogunlesi	6/7
7.	Ms. Geraldine Picaud *	4/7
8.	Mr. Christof Hassig Appointed 7th April 2018	3/7
9.	Mr. Grant Earnshaw Appointed 7th April 2018	4/7
10.	Mr. Rossen Papazov Appointed 21st July 2018	3/7
11.	Mr. Jean-Philippe Benard Appointed 31st October 2018	1/7
12.	Ms. Sylvie Rochier*	5/7
13.	Mr. Jean-Carlos Angulo*	4/7

* means the Director has resigned from the Board



7. COMMITTEES OF THE BOARD

(i) Finance and Strategy Committee

In accordance with the Committee's Terms of Reference, the Finance & Strategy Committee has the responsibility to review and make recommendations to the Board of Directors with respect to the Company's annual and long-term financial strategies and objectives.

The Committee held six (6) scheduled meetings and six (6) emergency meetings in the year. The table below shows the attendance of the members of the Committee at the scheduled meetings held during the year:

Dates of the scheduled Finance and Strategy Committee meetings held in 2018: 28th February 2018, 23rd March 2018, 20th April 2018, 20th July 2018, 10th September 2018 and 29th October 2018.

S/N	NAME	No. of Meetings
1.	Dr. Shamsuddeen Usman CON, OFR*	5/6
2.	Mrs. Elenda Giwa-Amu	5/6
3.	Ms. Sylvie Rochier*	5/6
4.	Mr. Adebode Adefioye**	4/6
5.	Ms. Geraldine Picaud**	1/6
6.	Mr. Christof Hassig**	2/6
7.	Mr. Michel Puchercos	6/6

* means the Director has resigned from the Board
 ** means the Director became a member of the Committee in June 2018

(ii) Nominations and Remuneration 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 the skill mix and diversity required for appointment of new members to the Board and consider remuneration of Directors and senior executives of the Company.

The Committee held three (3) meetings in the year 2018. The table below shows the attendance of the members of the Committee at the meeting:

Dates of Nominations and Remuneration Committee meetings held in 2018: 1st March 2018, 20th July 2018 and 30th October 2018.

S/N	NAME	No. of Meetings
1.	Ms. Sylvie Rochier*	2/3
2.	Mr Adebode Adefioye	3/3
3.	Mr. Jean-Carlos Angulo*	1/3
4.	Mrs. Elenda Giwa-Amu	2/3
5.	Mrs. Adenike Ogunlesi**	2/3

* means the Director has resigned from the Board
 ** means the Director became a member of the Committee in June 2018

(iii) Risk Management & Ethics Committee

The Risk Management and Ethics Committee is saddled with the responsibility of 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. The Committee also considers 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.

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

Dates of Risk Management and Ethics Committee meetings held in 2018: 28th February 2018 and 29th October 2018.

S/N	NAME	DESIGNATION	No. of Meetings
1.	Mr. Jean-Carlos Angulo*	Chairman	1/2
2.	Mrs Adenike Ogunlesi	Member	1/2
3.	Mr. Christof Hassig**	Member	1/2
4.	Mr. Grant Earnshaw**	Member	1/2
5.	Mr. Michel Puchercos	Member	2/2

* means the Director has resigned from the Board.
 ** means the Director became a member of the Committee in June 2018

(iv) Property Optimisation Committee

This Committee is charged with the responsibility to ensure the Company's properties are fully optimized. The Committee met twice in the year, on the 10th May 2018 and 15th May 2018. The table below shows the attendance of the members of the Committee at the meetings:

S/N	NAME	DESIGNATION	No. of Meetings
1.	Mr. Adebode Adefioye	Chairman	2/2
2.	Mr. Jean-Carlos Angulo*	Member	1/2
3.	Dr. Shamsuddeen Usman*	Member	2/2
4.	Mrs Adenike Ogunlesi	Member	2/2
5.	Mr. Michel Puchercos	Member	2/2

* means the Director has resigned from the Board.
 ** means the Director became a member of the Committee in June 2018.



(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 till the conclusion of the next Annual General Meeting.

The scheduled meetings of the Committee were held three (3) times during the year and one (1) unscheduled meeting to consider the related party transaction. The table below shows the attendance of the members of the Committee at the meetings:

Dates of Audit Committee meetings held in 2018: 23rd March 2018, 19th July 2018, 23rd August 2018 and 7th December 2018

S/N	NAME	DESIGNATION	No. of Meetings
1.	Mr. Olawale Oyedele	Chairman	4/4
2.	Mr. Adebayo Adeleke	Member	4/4
3.	Chief Peter Asu	Member	4/4
4.	Ms. Sylvie Rochier*	Member	2/4
5.	Mrs. Elenda Giwa-Amu	Member	2/4
6.	Mr. Grant Earnshaw	Member	3/4
7.	Mrs. Adenike Ogunlesi**	Member	1/4
8.	Mr. Adebode Adefioye**	Member	1/4

* means the Director means the Director has resigned from the Board

** means the Director became a member in June 2018

8. **BOARD EVALUATION**

In line with the Securities & Exchange Commission's Code of Corporate Governance 2011, an assessment of the Board's operations during the year 2018 was conducted.

9. **INDUCTION & CONTINUING TRAINING FOR DIRECTORS**

All newly appointed directors participated in the Company's Orientation & Induction Program. The orientation & induction programme 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, the Company's shareholding structure, Board Plan among others.

A new Director is provided with an induction pack containing charters/terms of reference of the various Board Committees, minutes of previous Board meetings and a calendar of Board activities, significant reports, important statutes and policies.

In 2018, the Board had a refresher course on the LafargeHolcim Group's Compliance programmes and initiatives.

10. **LEADERSHIP TEAM**

The GMD/CEO has the overall responsibility for executing the Company's long term strategy with a view to creating sustainable shareholder value. The GMD/CEO manages the day-to-day operations of the Company and ensures that the operations are consistent with the policies approved by the Board.

The GMD/CEO acts as the Head of the Leadership Team and is responsible for ensuring that a culture of integrity and legal compliance is imbibed. He ensures that the Directors are provided with sufficient information to support their decision making.

The Leadership Team is made up of the Company's Executives. They meet once a week to deliberate on critical issues affecting the day-to-day running of the Company. They can be seen on page 30 of this Annual Report.

11. **DEALING IN COMPANY SECURITIES**

The Company formulated an Insider Trading Policy, in line with the provisions of the Investment & Securities Act, the Nigerian Stock Exchange post-listing Rules and the LafargeHolcim Directive on Trade Restriction Market Disclosure, which prohibits Directors, employees and any other person in possession of insider information from dealing with the Company's shares at least 20days before its publication and twenty-four (24) hours 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.



12. 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 and external whistle blowing process.

13. 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 strategies and objectives.

14. RELATIONSHIP WITH SHAREHOLDERS

The Board and Management of the Company ensures 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 attached to this Annual Report on pages 155 to 156 and it can be accessed on the Company's website; 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 on the Company's website: www.lafarge.com.ng.

15. STAKEHOLDERS' ENGAGEMENT

The Company strives to pro-actively engage her stakeholders through regular and constructive dialogues in order to anticipate and manage changes and, ultimately, partner together in order to create

shared values. The Company considers its stakeholders as those who have influence over its activities as well as those who are impacted by them. The Company interacts and engages in sustained dialogue with broad spectrum of stakeholders, at all levels.

16. 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 the company's adherence to the laws and regulations in the countries in which we operate.

We strive to ensure all suppliers behave in accordance with principles set forth in the LafargeHolcim Supplier Code of Conduct, particularly principles on human rights, labor, environment, anti-bribery and corruption.

17. HEALTH & SAFETY

Health & Safety (H&S) remains a core value in Lafarge Africa Plc and we conduct our business in a manner that creates a healthy and safe environment for all our stakeholders – employees, contractors, communities and customers. We remain committed to our goal of zero harm, and this is what drives us to continually implement improvement systems.

Our leadership team leads and guides the workforce on our zero harm journey. Visible Personal Commitment (VPC) is regularly used to engage workers on the field, to recognize and commend good work practices, and to intervene in areas of safety concerns. Incident and Injury Free (IIF) program was launched and driven by senior leadership team; working with focus groups at all site levels to understand prevailing safety culture and provide resources to address touch points.

In 2018 our annual health & safety days were aligned with United Nation (UN) World Day for Safety and Health at Work. Our employees at every levels used a period of two weeks to focus on a strategy of "improving H&S every day in the workplace" A great deal of effort was put into providing guidance on four major industrial areas of Safety standards: Mobile Equipment, Energy Isolation, Work at Height and Confined Spaces. The campaign enabled people to:

- Understand what the Standards mean for them;
- Learn from related incidents;
- Be able to continue H&S practices throughout the year and beyond, making their workplace safer.



Road transport and logistics safety remains integral, considering the impact to the company. Hence 2018 was used to further enhance our structured systems of modernized fleet of trucks, equipped with safety monitoring and enhancing systems – iVMS. This is one of the tools deployed to monitor critical driving parameters online in real time, such that necessary feedback and interventions were introduced when there was a need to correct certain driving behavior and patterns. Our aim is to ensure that road safety culture transcends our business, hence our Drivers Training Institute partnership program remains a pace setter, which we use to develop a pool of drivers that align with our H&S culture and systematically influence our society in a positive manner.

In our industrial plants; both Cement and Ready Mix, we continually invest in training of our people, employees and contractors alike. Various soft and technical topics were covered in the previous year including certified trainings in critical high risk areas such as scaffolding, working at height, hot work, electrical safety among others. This will continue to be embedded into our ways of working in years to come.

On the commercial side, we offer complimentary Health & Safety induction and awareness training to our customers on safety; with the aim of creating joint ownership and progressively spread momentum for Zero Harm into the society.

As is our practice, Lafarge Africa Plc remains committed to continuous improvement and we have done our annual assessment, which we have used to develop a road map to guide our focus priorities this year and in years to come.

18. **ORGANISATION & HUMAN RESOURCES (O&HR)**

In 2018, we focused on building for growth by laying strong capability foundations to exploit opportunities created by a recovering economy, looking inwards in terms of staffing our organisations and engaging our employees.

Organisational Development & Talent

Focusing talent development inwards, building internal capability/capacity, and feeding the succession pipeline were the driving force behind our talent activities in 2018, using the tools and outcomes from our talent review process as a basis.

With over 200 internal movements during the year, comprising cross-functional, vertical and lateral moves, the organization focused on building internal capability by providing opportunities for employees to acquire

new skills and improve the quality and scope of their experiences.

The pilot edition of the Lafarge Africa Mentoring Program (LAMP) was launched and involved pairing designated talent profiles with Executive Committee members in a formal structured one year mentoring program. Formal coaching, building leadership skills and closing development gaps to prepare participants for next steps in their careers were some objectives of the programme.

This deliberate coordination of our talent management process yielded results as the quality of our succession pool is improving, and internally grown talent now occupy significant and strategic roles in the business. This trend is set to continue in the coming year.

Learning & Development

Our aim in 2018 was to ensure that employees continue to be provided with the relevant skills and experience required to perform at a high standard, improve the quality of the leadership pipeline and build organisational capability for sustainable growth.

Strengthening the capability of line managers formed an important part of the plan for the year. LIFE; a programme targeted at frontline supervisors, HR for Non-HR Managers and New Managers' Course drove skills and competencies needed to manage self, others and business performance. Join the Group (JTG), a two-day workshop designed to help new hires learn and understand the culture, values and business goals and priorities of the business, has helped new hires integrate and engage better and faster.

Through collaboration across the organization, the attainment of business goals in the areas of compliance and Information Technology (IT) were realised, using our e-learning resources to deploy training on Group and IT compliance requirements improved coverage, accurate reporting, and higher levels of compliance with our legal and IT obligations and commitments. This year saw a strategic shift from open classes to our e-learning platform, Learn@LH, driving a significant rise in traffic to the site for self-learning and training. e-learning has contributed over 25% to our total training hours and we will drive this further in the coming year.

In the bid to strengthen our internal faculty, a Train the Trainer programme was organized for 30 trainers to be in-house facilitators at the Sagamu Safety Learning Centre. Also, several other programmes have been deployed using in-house facilitators such as the Incident & Injury Free Training and the Lunch & Learn sessions. Our Lunch and Learn sessions are effective and will be rolled out to more locations.



Employee Engagement

Employee engagement continues to remain important on our people agenda, in recognition of its positive impact on the organization's productivity and bottom line.

At team level, the individual check in and team touch point sessions introduced in 2017 continued as a mechanism for highlighting and addressing specific areas of performance and service improvement.

At a broader organization level, the results of the 2017 Employee Survey were analyzed by each of the functions to gain insight, from an employee perspective, on how the work environment could be improved to enhance productivity. The year saw the launch of 'Engage & Connect' as an initiative from the Employee Survey, to strengthen trust and collaboration across teams and locations.

Resourcing & Diversity

Strategic hires were engaged based on critical business needs and specific skills sets but in all, more talent movements were made internally to fill emerging vacancies and roles.

Also critical was the need to backfill the workforce with young talent who can be developed over time to become strong business managers in the organization. With this in mind, the year saw the launch of our Graduate Trainee programme, uniquely targeted at graduates from the communities we operate and piloted in Ashaka. 10 graduate trainees were recruited into the organization and have since completed their orientation and absolved into the organization for the first phase of the programme.

Our Cement Professional Technician Program (CPTP), designed to equip young science-oriented school leavers from our communities for a career in engineering and cement manufacturing, continues to thrive as we enter into the second year of their 3-year curriculum. We presently have 30 students enrolled in the programme and our goal is to have 45 students by the time the first batch commences into the third year of the curriculum.

19. ANTI-BRIBERY AND CORRUPTION STATEMENT

The Board of Directors adopted the Anti- Bribery and Corruption Statement below in accordance with global best practices and the Company's commitment to

upholding the highest standards of Corporate Governance. The Anti-Bribery & Corruption Statement provides that:

“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 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, favours, 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 laws on anti-bribery and corruption as well as ensure that its business practices reflect this commitment.

BY ORDER OF THE BOARD

ADEWUNMI ALODE (MRS.)
FRC/2018/ICSAN/00000017796
Company Secretary
Dated this 18th June 2019.





**BUILD EASY
WITH**



- Supa Strong
- Supa Smooth
- Supa Quality



Call us to order now 01-2713990

 @LafargeAfricaPlc

 @Lafarge_Africa

 @Lafarge_Africa

SUSTAINABILITY REPORT



Climate

Circular Economy

Water & Nature

People & Communities

**THE 2030 PLAN
BUILDING FOR
TOMORROW**

	Climate	Circular Economy	Water & Nature	People & Communities
In house	We will reduce net specific CO ₂ emissions by 40% per tonne of cement (vs 1990)	We will use 80 million tonnes of waste-derived resources per year	We will reduce specific freshwater withdrawal in cement operations by 30% We will implement The WASH Pledge on all sites	We want zero fatalities We will reduce LTI FR <0.20 We will reduce TIFR by 50% We will reduce our disease rate <0.1 We will have 30% minimum gender diversity at all management levels
Beyond our fence	We will help our customers avoid 10 million tonnes of CO ₂ being released from buildings each year through our innovative solutions	We will provide end-of-life solutions for our products and will supply 4 times more recycled aggregates from CDW/RAP	We will make a positive impact on water in water-scarce areas We will show a positive change for biodiversity	We will develop initiatives to benefit 75 million We will engage collective action combat bribery & corruption in high risk countries
Innovative solutions	Low-carbon cement & concrete Insulating concrete Thermal-mass solutions	Recycled aggregates Urban mining solutions Waste management services	Rainwater harvesting Pervious concrete Stormwater protection	Affordable housing materials and solutions Affordable sanitation solutions



Shared Value and Partnerships for Growth

Creating shared value is a key focus for our business, and it is the reason why we adopt the triple bottom line approach to business; focusing on profit as well as people and our planet.

At Lafarge Africa, we benchmark our efforts and initiatives against the 17 United Nations Sustainable Development Goals (UN SDGs) and partner with organizations and agencies to complement the efforts of the Federal Government of Nigeria.

In 2015, Lafarge Africa became the first cement company in Nigeria to publish a local Sustainability Report, providing details to our customers, shareholders, and communities on our social performance and contribution to Nigeria's development through our business operations and social investments. We have since published the 2016 and 2017 Reports, with the 2018 reporting cycle currently in progress.

This step was borne out of our commitment to operate responsibly, and we continue to work in close collaboration with communities where we operate, as well as the larger society. One of our goals is to pioneer transformation of how the local building materials and construction sector in Nigeria addresses important environmental issues in line with the LafargeHolcim 2030 Plan which has four pillars of Climate, Circular Economy, Water and Nature as well as People and Communities.

Contributing to Environmental Sustainability



Volunteers during a tree planting exercise in Ashaka, Gombe State.



Geocycle at Lafarge

At Lafarge Africa, we continue to use waste materials and by-products from other industries as alternatives to finite natural raw materials and fossil fuels in the production of cement.

Our Geocycle unit drives the use of alternative fuels such as biomass (agricultural waste) and non-degradable parts of pharmaceutical drugs and condiment wrappers in our kilns in Sagamu and Ewekoro. Our other Plants are also in the early phases of adopting the Geocycle plan with customized waste options across each region ranging from tyres and plastic to municipal and industrial waste.

Beyond utilizing resources that have been condemned as waste, this circular economy model also empowers local communities with over 300 farmers impacted already. In addition to economic empowerment, the use of alternative fuels protects the environment by eliminating open burning of waste, thus decreasing pollution. We are working on partnerships with the beverage industry in Nigeria and the Lagos State Government to utilize their waste, including expired goods, in our production process. This creates a closed model that will reduce the impact of incinerated waste in landfills across the country.

Biodiversity is embedded in our environmental policy. Lafarge Africa has an Environmental Management Plan in place to guide day-to-day operations. Some of our Plants have attained the EMS 14001:2015 certification while the process for certification of other plants are on-going. We ensure our site operations across the country are carefully examined by all classes of regulatory agencies. Reports are prepared and shared with all stakeholders as a function of our community relations.

Currently, there are country-wide quarry rehabilitations ongoing across all our sites. This is in addition to the planting of Acacia and Eucalyptus trees in Ewekoro and Sagamu Plants, and other tree planting exercises across our Plants to promote afforestation.



Enabling People and Communities

In 2018, Lafarge Africa invested in societal impact initiatives and projects within and beyond our host communities in Nigeria under the pillars of Health and Safety, Shelter and Infrastructure Support, Education as well as Youth and Economic Empowerment.

Health and Safety

Health and Safety is our overarching value and is at the core of all that we do. Our goal remains to create a business where our products are manufactured and delivered to our customers with zero harm. We continue to increase staff capacity in technical safety at our sites while using technology and structured systems to mitigate transportation risks and drivers' performance.

Our Health and Safety engagements with our host communities continued in 2018 with okada riders, school children, and more. Health projects delivered in 2018 include the renovation of Ipoji Health Center, Sagamu, Ogun State, construction of a 14 bed health centre, Ewekoro Ogun State and renovation of the Ashaka Clinic, Ashaka Gombe State.

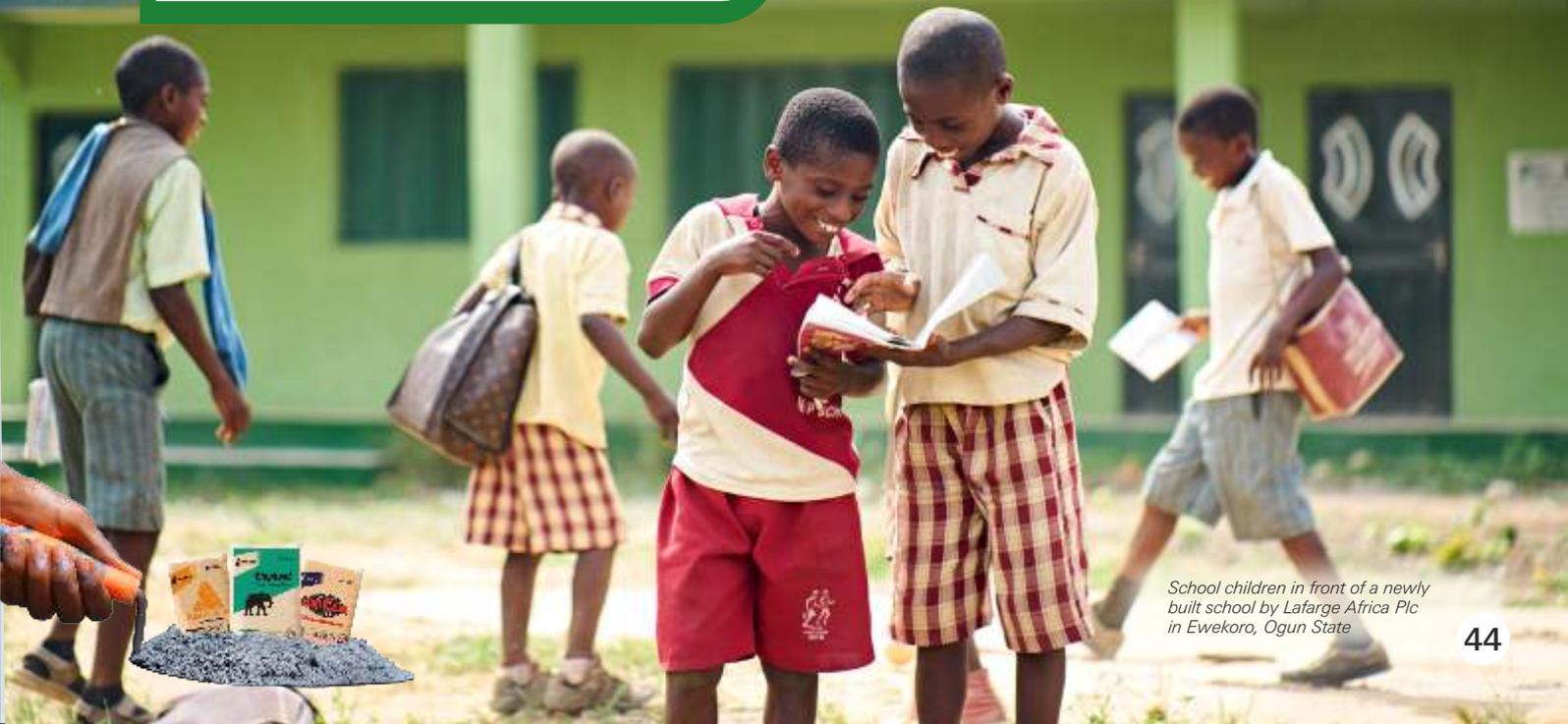
Others include the construction of staff quarters for Elebute Health Center, Ewekoro, provision of medical laboratory equipment to the Community health centre, Egbado Ajegunle, construction of 14 bed health center (Phase 1) in Ewekoro and construction of a block of six toilets and septic tank in Itori, all in Ogun State.

For our employees, we ran internal campaigns to reiterate our Minimum Safe Behaviours in order to enforce safety standards on our sites. The annual Health & Safety Days in 2018 revolved around trainings for employees on Working at height, Energy Isolation, Confined Spaces, and Mobile Equipment and on-site traffic. Our employees also participated in awareness campaigns to commemorate global health days such as World Malaria Day, World Cancer Day and World AIDS Day.

Shelter and Infrastructure

As a member of LafargeHolcim, the global leader in building materials and solutions, supporting the sustainable construction of crucial shelter and infrastructure amenities in our communities is important to us. We continue to build and improve community facilities that promote better quality of life and civic engagement such as schools, cultural centers, recreational infrastructure, transportation, sanitation, roads, bridges and more.

Some of these projects include the construction of a drainage for the Agura/Aruba/Ayepe Road Culvert, construction of a 150m long reinforced concrete road in Alagutan Community, provision of Transformer substation and Electrification (Phase 2) in Okeoko-Egbado, roofing, provision of doors and Burglary to a 14 bed community health centre, Papalanto (Phase 2), construction of Ewekoro Town Hall wall fence and reinforced concrete flooring and construction of 3-way culvert at Umure, all in Ogun State. Other projects are in progress in other parts of the country and will be commissioned in 2019.



School children in front of a newly built school by Lafarge Africa Plc in Ewekoro, Ogun State

Education

Our investments in education reflect the pressing needs in our communities. From construction, renovation and furnishing of classrooms to provision of bursary awards to indigenes in tertiary institutions, we contribute to achieving quality education, which is the United Nations Sustainable Development Goal 4.

In the North, we constructed essential educational amenities including a science laboratory in Bage, a JAMB center in Bajoga and a skills acquisition center in Jalingo, Gombe state. We also provided hundreds of double desks for secondary schools as well as Bursary Awards to indigenes, provision of Computer Systems, Printers, UPS and Generators to 4 Public Secondary Schools.

In the Southwest, we gave bursary grants to hundreds of students, renovated blocks of classrooms and donated toilets and boreholes in public primary schools in Atoyo, Cinema Road Sagamu, Itori, and Olapeleke communities among others. Likewise in the East, we provided educational support to hundreds of tertiary education students and renovated blocks of classrooms in Ekong Anaku community.



The Science laboratory in Bage, Gombe state.



A block of 6 classrooms at Wesley School, Ojumele, Sagamu

Building Nigeria by Bridging Its Child Literacy Gap

The Lafarge Africa Plc National Literacy Competition

Nigeria's literacy level is 59.6% for people aged 15 and above (UNESCO 2015) which is significantly lower than the global average of 86.3%. Working to complement the Nigerian government's efforts to improve education in Nigeria, Lafarge Africa Plc has contributed significantly to educational initiatives over the years, from giving bursaries to providing writing materials, and, since 2014 through the Lafarge Africa Plc National Literacy Competition (LANLC).



The 5th LANLC 2018 finalists representing Nigeria's 6 geopolitical zones with Folashade Ambrose-Medebem, Director Communications, Public Affairs and Sustainable Development, Lafarge Africa Plc.



CCEO Lafarge Africa Plc, Michel Pucheros and the Minister of State for Education, Prof. Anthony Anwukah, presenting the overall winner's prize to Ayomikun Idowu and Kehinde Lawal from Lagos State.



Chairman, Lafarge Africa Plc, Mr. Bolaji Balogun, Nobel laureate, Professor Wole Soyinka and CCEO Lafarge Africa Plc, Mr. Michel Pucheros at the Grand Finale of the 2018 LANLC in Lagos.

The LANLC was created to raise the standard of English Language in public primary schools, and has impacted over 700,000 pupils across 544 local government areas in Nigeria. In 2018, the 5th edition of the Competition was endorsed by the Federal Ministry of Education and the Universal Basic Education Commission (UBEC) and was delivered in partnership with State Universal Basic Education Boards (SUBEB) across Nigeria's thirty six (36) states of the Federation, the United Nations Educational, Scientific and Cultural Organization (UNESCO), British Council and Oando Foundation.

Directed at school children aged between 9 and 13 years, the competition begins with state run-offs, followed by regional finals, and ends with a grand finale. The 2018 edition had Lagos (South West), Ebonyi (South East), Rivers (South South), Gombe (North East), Nasarawa (North Central) and Kano (North West) representing the regions.

At the Grand Finale, Lagos state emerged champion while Ebonyi and Gombe states took the second and third positions respectively.

Educational grants were given to all contestants along with educational tablets pre-installed with educational software. They also took home stationery and gifts from partners and exhibiting organisations including Oando Foundation, Kelloggs Nigeria, Dufil Prima Foods, Reckitt Benkiser, Smart Sindara, Okada Books, Lantern Books and Laterna Bookshop.

Nobel laureate, Professor Wole Soyinka, gave the keynote address at the Grand Finale which had key stakeholders in the public and private sector in attendance including the Honourable Minister of State for Education, Professor Tony Gozie Anwukah. Other stakeholder organizations in attendance include UBEC, SUBEB, Office of the Special Assistant to the President on Sustainable Development Goals (SDGs), Lagos State Government, Gombe State Government, Edo State Government, Kano State Government, the British Council, UNESCO, Oando Foundation, Sahara Foundation, UBA Foundation, PwC, Kellogg's, Lantern Books, Keystone Bank, Nigerian Stock Exchange, ACT Foundation, LEAP Africa, UBA, Polaris Bank and Keystone Bank amongst others.

The Competition trended on Twitter, triggering a national conversation on collectively identifying ways to enhance the standard of education in Nigeria.

Youth and Economic Empowerment

Lafarge Africa continues to create empowerment opportunities for young and middle-aged indigenes in our host communities. In 2018, we upskilled young people through various empowerment initiatives including the construction of a skill and vocational center in Gombe state, Youth Leadership, Entrepreneurship & Development projects in the South-East and technology training at our IT center in the Southwest.

Several artisan trainings also took place across all our plant locations in addition to donations of tools such as sewing machines, grinding machines, motorcycles and tricycles to trained individuals in the Southwest.

Our goal is to empower residents of our host communities to create and earn a sustainable living thus impacting the Nigerian economy and actively contributing to Sustainable Development Goals including Goals 1 (No Poverty), 2 (Zero Hunger), 8 (Decent Work and Economic Growth) and 10 (Reduced Inequalities).





Princess Adejoke Orelope-Adefulire, Senior Special Assistant to the President on Sustainable Development Goals (SDGs), Dr Amina Mohammed, United Nations Deputy Secretary-General and Mr. Mobolaji Balogun, Chairman, Lafarge Africa Plc at the United Nations High Level Political Forum, New York.

Sustainability Updates

Lafarge Africa on the Global Stage at the United Nations

In 2018, Mr. Mobolaji Balogun, Chairman Lafarge Africa, represented the Company at the United Nations High-Level Political Forum (UNHLPF) on Sustainable Development at the UN Headquarters, New York. Lafarge Africa was the only private sector representative at the program from Nigeria.

Mr Balogun was on the panel themed: "Transformation Towards Sustainable & Resilient Cities in Africa: Implementing SDG 11". Also at the session were the Senior Special Assistant to the President on Sustainable Development Goals (SDGs), Princess Adejoke Orelope-Adefulire, Deputy Secretary-General of the United Nations, Dr Amina Mohammed, Executive Director, UN Habitat, Ms. Maimunah Mohd Sharif, Chairman of Positive Planet Foundation - Jacques Attali, and the representative of the President of the European Union.

The Forum provided an opportunity to share Lafarge Africa's experience and best practices with high-level stakeholders across the world and showcase how our initiatives in Geocycle, Affordable Housing, CO2 emission reduction, advocacy & partnership, and the LafargeHolcim Awards for Sustainable Construction all add up to contribute to sustainable and better cities.

Sustainability Week at Lafarge Africa



Exhibition of Alternative Fuels by the Geocycle Team during Sustainability Week

In 2018, we introduced the first ever Sustainability Week to raise the general awareness, understanding and involvement of employees across the organization on sustainability. The Week also aims to highlight sustainability initiatives at Lafarge Africa including Geocycle, Safety, Health and Environment, CSR, Volunteering and more.



As part of Sustainability Week 2018, we launched the CCEO Social Contributor Awards as a platform to recognize employees who have dedicated their time to volunteering and improving communities across Nigeria. Thirty (30) employees were specially honoured by the CCEO with certificates and prizes.

Volunteering

In 2018, 'Friends of the Community', Lafarge Africa's 380 employee-strong volunteering initiative participated in 47 volunteering activities ranging from awareness sessions on health and waste in schools, bus parks and communities, reading sessions with children, and tree planting sessions.

Our volunteers dedicated 4,150 volunteering hours to impact over 10,000 people to improve host communities across Nigeria.



Volunteers including the CCEO at a volunteering session to teach public primary school children about waste management and converting Waste to Art.

Awards

LafargeHolcim Middle East & Africa (LHMEA) CSR Inaugural Awards

The objective of the LHMEA CSR Awards is to identify impactful CSR initiatives in the 19 countries in Middle East & Africa (MEA) where LafargeHolcim is present. Lafarge Africa won the Gold Prize in 2 categories:

1. **Education/Employment** (for our investments in Education, especially the Lafarge Africa National Literacy Competition)
2. **Shelter/Infrastructure** (for the River Ibu Bridge which improved quality of living and economic productivity in 6 communities in Ewekoro, Ogun State).

The Nigeria office was also named as the Global Prize Winner, leading 18 other Lafarge countries in the MEA region. Our winning initiative will be replicated across MEA with the support of the region.

The SERAS CSR - Africa Awards

Lafarge Africa has been recognized as a leading socially responsible organization at the Social Enterprise Report Awards - SERAS CSR-Africa Awards, the most prestigious awards for celebrating corporate social impact in Africa. Awards won include:

1. Best Company in Education for our work in literacy development via the National Literacy Competition
2. Best Company in Clean and Affordable Energy for our commitment to using alternative, clean fuels.
3. 1st runner-up for the Overall Grand Prize of the SERAS CSR- Africa Awards
4. 1st runner-up for Sustainability Practitioner of the Year for our Head of Sustainability and Brand.



Folashade Ambrose-Medebem, Director Communications, Public Affairs and Sustainable Development, Bruno Bayet, Chief Financial Officer, Temitope Oguntokun, Omotola Oyebanjo, with colleagues at the SERAS Awards.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

For the year ended 31st December, 2018

The Directors accept responsibility for the preparation of the annual consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act, cap C20, Laws of the Federation of Nigeria 2004 and the Financial Reporting Council of Nigeria Act, 2011.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act, cap C20, Laws of the Federation of Nigeria, 2004 and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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

SIGNED ON BEHALF OF THE DIRECTORS BY:



.....
Mobolaji Balogun
Chairman
FRC/2013/CISN/00000004945
18th June 2019



.....
Michel Puchercos
Group Managing Director
FRC/2017/IODN/00000015919
18th June 2019



REPORT OF THE STATUTORY AUDIT COMMITTEE

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 31st December 2018 are in accordance with legal requirements and agreed ethical practices.

In our opinion, the scope and planning of the audit for the year ended 31st December, 2018 were adequate and Management's responses to the Auditors' findings were satisfactory.



Mr. Olawale Oyedele
FRCN: 2013/CIIN/00000001622
Chairman, Audit Committee

Dated 18th day of June 2019



1 Mr. Olawale Oyedele
Member

2 Chief Peter Asu
Member

3 Mr. Adebayo Adeleke
Member

4 Mrs. Elenda Giwa-Amu
Member

5 Ms. Karine Uzan Mercie
Member

6 Dr. Shamsuddeen Usman CON, OFR
Member

Build Enduring Legacies With **Lafarge Cement**



- ▲ SUPERIOR QUALITY
- ▲ SUPERIOR STRENGTH
- ▲ SUPERIOR FINISHING

LAFARGE
Building better cities™

L A member of
LafargeHolcim

For enquiries: www.lafarge.com.ng
Call our Customer Value Centre: 01-2713990
E-mail: customerservice.ng@lafarge.com



KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
PMB 40014, Falomo
Lagos

Telephone 234(1) 271 8955
234(1) 271 8599
Internet: www.kpmg.com/ng

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **Lafarge Africa Plc**

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the Consolidated and Separate Financial Statements of Lafarge Africa Plc ("the Company") and its subsidiaries (together, "the Group"), which comprise the consolidated and separate statements of financial position as at 31 December 2018, 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 notes, comprising significant accounting policies and other explanatory information, as set out on pages 56 to 136.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of the Company and its subsidiaries as at 31 December 2018, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 judgment, 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.

1. Investments in subsidiaries (Lafarge South Africa Holdings (Pty) Limited)

Refer to significant accounting policies (Note 2) and Investments in subsidiaries (Note 18.1.1) on the separate financial statements.

Key audit matter	How the matter was addressed in our audit
<p>Investments in Subsidiaries are carried at cost less impairment in the accompanying separate financial statements of the Company. The total carrying amount of the Company's investments in subsidiaries was ₦179 billion as at year end (2017: ₦182 billion).</p> <p>Included in the Company's investments in subsidiaries is an amount of ₦115 billion, representing the carrying amount of the Company's investment in Lafarge South Africa Holdings (Pty) Limited (LSAH), which is identified and assessed by management as a separate Cash Generating Unit (CGU).</p> <p>LSAH has continued to report operating losses and the carrying value of the Company's investment in this entity materially exceeds the entity's net assets.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • Evaluated the internal and external sources of information to identify impairment indicators; • Involved our internal specialists to assist with the evaluation of the appropriateness of the Value In Use calculated as part of management's impairment assessment; • Compared the actual results with budgets to consider whether, with hindsight, any past forecast included any unreasonable assumptions; • Assessed the reasonableness of key judgments regarding revenue growth rates and Earnings before

Key audit matter	How the matter was addressed in our audit
<p>Management performed an assessment at the end of the reporting period to determine whether there is any indication that the Investment in LSAH may be impaired.</p> <p>In performing this assessment, management estimated the recoverable amount of the Investment in LSAH by assessing the higher of Value in Use and Fair Value less costs of disposal.</p> <p>Estimating the recoverable amount is a complex process involving a number of assumptions, judgements and estimates regarding various inputs. Consequently, we have determined the impairment assessment of the investment in LSAH to be a key audit matter.</p>	<ul style="list-style-type: none"> • interest, tax, depreciation and amortisation (EBITDA) by comparing to available market reports and historical trends; • Reconciled input data to supporting evidence, such as approved budgets, inflation rates, strategic plans and market data; • Evaluated the sensitivity analysis around the key judgments. • Considered the impairment assessment review performed by LafargeHolcim's group auditors to Lafarge South Africa Holdings and its subsidiaries. • Obtained the report of the Independent Fairness Opinion Adviser and checked for consistency with the Fair Value determined by management. • Evaluated management's determination of the recoverable amount as the higher of Fair value less costs of disposal and Value in use.

2. Other Assets -Prepaid gas assets

Refer to significant accounting policies (Note 2) and Other assets (Note 21.1) on the separate financial statements.

Key audit matter	How the matter was addressed in our audit
<p>Included in other assets is an amount of ₦11.8 billion (2017: ₦9.8 billion) relating to prepaid gas assets. As previously reported, the Company has a gas supply contract which requires that on a monthly basis, an agreed sum known as the base amount is paid by the Company for the supply of a specified quantity of gas in future regardless of the Company's ability to utilise the gas. Any excess of the base amount over the value of actual gas utilised is recognised as prepaid gas assets which is included in other assets in the financial statements.</p> <p>Management performed an assessment to determine whether the prepaid gas asset is recoverable since the amount has continuously exceeded the value of actual gas utilised over the past years. This assessment involved a determination of future gas utilisation.</p> <p>This continues to be considered a key audit matter due to the significant judgments, estimates and assumptions required to determine the recoverability of the prepaid gas at each reporting period. Management has performed a future gas utilization assessment to determine recoverability, which is based on assumptions such as future production volume, forecasted growth rate and projected utilisation levels, among others.</p> <p>The assessment contains elements based on judgments and assumptions that are impacted by expected future growth and production levels and the ability of the vendor to fulfill its obligations under the terms of the contract. There is a risk that actual outcomes may differ from expectations.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> • We discussed with management to understand if any changes have been made to the assumptions used in estimating the utilisation plan for the prepaid gas amount. • We evaluated the appropriateness of the assumptions applied to key inputs such as production volumes, forecasted growth rates, projected utilization level among others which included comparing these inputs with our own assessments based on our knowledge of the Company and the industry. • Evaluated the sensitivity analysis around the key judgments. • We reviewed the appropriateness of the classification / disclosure of the prepayment for gas in the financial statements.

3. Recognition and recoverability of deferred tax assets

Refer to significant accounting policies (Note 2) and Deferred taxation (Note 14.8) on the separate financial statements.

Key audit matter	How the matter was addressed in our audit
<p>The Company has recognised deferred tax assets of ₦27.9 billion (2017: ₦16.3 billion). Included in the deferred tax asset is an amount of ₦6.2 billion recognised in the year and arising from the pioneer tax relief granted on one of the Company's production lines in Mfamosing Plant.</p> <p>Management has further recognised an additional deferred tax asset of ₦3.2 billion arising from the cost of the Company's evacuation road impaired in prior year. The impairment expense which was previously disallowed for tax purposes has now been treated as tax deductible, resulting in the additional deferred tax asset recognized. This treatment is based on a letter which the Company obtained from the Federal Inland Revenue Service (FIRS) confirming that the cost can be treated as a tax deductible expense over a period of seven (7) years, pending a tax audit by the FIRS to verify the expense incurred by the Company as well as certification of the cost by the Federal Ministry of Power, Works and Housing.</p> <p>The determination of the recognition and recoverability of deferred tax assets involves significant judgment and high estimation uncertainty as management supports the recoverability of the deferred tax assets mainly with projections which contain assumptions and estimates of future taxable profits.</p> <p>We have therefore determined this to be a matter of significance to the audit due to inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> Assessed the components that gave rise to the deferred tax asset to determine whether they were recognised in accordance with the requirements of the accounting standards and tax laws and in line with correspondences from the tax authorities. Assessed management's forecasts of future taxable profits by checking that the assumptions used in the Company's projection of taxable income were in line with the Company's historical performance, current business model and future plans.

Other Information

The Directors are responsible for the other information which comprises the Directors' and Other Corporate information, Directors' Report, Report of the Statutory Audit Committee, Statement of Directors' responsibilities in relation to the financial statements, Other national disclosures [but does not include the consolidated and separate financial statements and our audit report thereon], which we obtained prior to the date of this auditor's report. It also includes financial and non-financial information such as the Notice of Annual General Meeting, Financial Highlights, Chairman's Statement, Corporate Governance Report, Board of Directors' Profile, Leadership Team, Sustainability Report, Corporate Social Responsibility Report, amongst others (together "Outstanding reports"), which are expected to be made available to us after that date.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The Directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with IFRSs and in the manner required by the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and Company 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 financial statements.

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

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

We also provide the Audit Committee 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 Board of Directors and Audit Committee, 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

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act, Cap C.20, Laws of the Federation of Nigeria, 2004.

In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books and the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Signed: 
Oluwatoyin A. Gbagi, FCA
FRC/2012/ICAN/0000000565
For: KPMG Professional Services
Chartered Accountants
19 June 2019
Lagos, Nigeria



CONSOLIDATED AND SEPARATE STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended

	Notes	Group		Company	
		31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Revenue	6	308,425,456	299,153,305	187,043,475	177,170,362
Cost of sales	7	(238,742,586)	(250,178,892)	(123,009,569)	(125,936,555)
Gross profit		69,682,870	48,974,413	64,033,906	51,233,807
Selling and marketing expenses	8	(7,732,817)	(4,711,129)	(3,891,305)	(2,330,240)
Administrative expenses	9	(37,140,624)	(38,408,177)	(23,440,838)	(19,044,642)
Other income	10	1,383,985	3,693,898	1,293,329	3,806,321
Impairment loss on trade receivables	11.1	(74,326)	(862,779)	(44,835)	(75,741)
Other operating expenses	11	(1,308,275)	(800,720)	(463,615)	(383,812)
Operating profit		24,810,813	7,885,506	37,486,642	33,205,693
Finance income	12	1,719,176	1,438,980	1,317,064	1,107,476
Finance costs	12	(45,973,062)	(43,216,500)	(43,037,415)	(41,299,124)
Impairment loss on investments in subsidiaries	18.1.1	-	-	(3,174,874)	-
Share of loss from joint ventures accounted for using the equity method	18.2	(65,155)	(140,263)	-	(112,236)
Loss before minimum tax	15	(19,508,228)	(34,032,277)	(7,408,583)	(7,098,191)
Minimum tax	14.1	-	(287,672)	-	(287,672)
Loss after minimum tax		(19,508,228)	(34,319,949)	(7,408,583)	(7,385,863)
Income tax credit/(expense)	14.2	10,706,502	(281,460)	11,550,347	(5,837,763)
(Loss)/profit after tax		(8,801,726)	(34,601,409)	4,141,764	(13,223,626)
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Exchange differences on translation of foreign operations	28	(571,382)	18,545,417	-	-
Exchange differences on translation of foreign joint ventures	18.2	-	50,712	-	39,103
		(571,382)	18,596,129	-	39,103
Items that will not be subsequently reclassified into profit or loss:					
Remeasurements of defined benefit obligations	33.2	186,391	319,757	55,314	182,449
Income tax relating to these items	14.4	(54,401)	(96,854)	(17,700)	(58,384)
		131,990	222,903	37,614	124,065
Other comprehensive income for the year, net of tax		(439,392)	18,819,032	37,614	163,168
Total comprehensive (loss)/income for the year		(9,241,118)	(15,782,377)	4,179,378	(13,060,458)
(Loss)/profit attributable to :					
- Owners of Lafarge Africa Plc		(9,107,048)	(35,009,407)	4,141,764	(13,223,626)
- Non-controlling interests	18.3	305,322	407,998	-	-
		(8,801,726)	(34,601,409)	4,141,764	(13,223,626)
Total comprehensive (loss)/income for the year is attributable to:					
- Owners of Lafarge Africa Plc		(9,546,440)	(16,190,375)	4,179,378	(13,060,458)
- Non-controlling interests	18.3	305,322	407,998	-	-
		(9,241,118)	(15,782,377)	4,179,378	(13,060,458)
Earnings per share attributable to the ordinary equity holders of the Company:					
Basic earnings per share (Naira)	26	(105)	(637)	48	(240)
Diluted earnings per share (Naira)	26	(105)	(631)	48	(238)

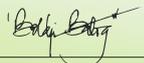
The accompanying notes and significant accounting policies on pages 61 to 136 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF FINANCIAL POSITION

as at

	Notes	Group		Company	
		31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
ASSETS					
Non-current assets					
Property, plant and equipment	16	394,488,764	393,651,934	291,775,732	292,872,779
Intangible assets	17	6,194,518	2,634,326	3,204,505	-
Investments in subsidiaries	18.1	-	-	178,923,532	182,088,406
Other financial assets	19	1,301,148	1,582,622	1,134,509	1,556,738
Other assets	21	16,671,760	20,803,113	15,073,457	14,984,747
Deferred tax assets	14.8	28,720,032	17,514,432	27,950,907	16,333,384
Total non-current assets		447,376,222	436,186,427	518,062,642	507,836,054
Current assets					
Inventories	22	47,156,521	58,266,466	28,921,467	39,057,831
Trade and other receivables	23	21,163,994	25,110,116	11,167,705	15,930,970
Current tax asset	14.5	658,291	917,797	-	-
Other assets	21	10,594,409	15,162,092	8,661,903	10,679,505
Other financial assets	19	1,140,956	592,538	605,230	326,635
Derivative assets	20	95,573	640,091	95,573	640,091
Cash and cash equivalents	24	12,550,697	50,414,757	10,177,776	41,698,854
Total current assets		93,360,441	151,103,857	59,629,654	108,333,886
Total assets		540,736,663	587,290,284	577,692,296	616,169,940
LIABILITIES					
Non-current liabilities					
Loans and borrowings	30	172,373,209	68,715,378	144,391,743	64,900,757
Deferred tax liabilities	14.8	10,200,112	11,025,943	-	-
Provisions	31	3,645,751	3,472,388	618,970	909,320
Deferred income	32	2,597,602	1,518,467	1,455,770	1,518,467
Employee benefit obligations	33	4,729,183	4,916,931	1,611,411	1,616,733
Total non-current liabilities		193,545,857	89,649,107	148,077,894	68,945,277
Current liabilities					
Trade and other payables	34	80,537,816	113,000,180	49,921,178	69,930,054
Loans and borrowings	30	93,833,850	187,831,582	105,685,719	190,724,579
Current tax liabilities	14.6	1,156,231	3,251,525	201,199	1,544,949
Provisions	31	1,281,247	1,166,217	845,328	895,268
Derivative liabilities	20	244,176	4,212,406	244,176	4,212,406
Deferred income	32	315,452	110,732	110,732	110,732
Bank overdrafts	24.2	35,280,945	31,081,780	16,862,345	15,037,780
Total current liabilities		212,649,717	340,654,422	173,870,677	282,455,768
Total liabilities		406,195,574	430,303,529	321,948,571	351,401,045
EQUITY					
Share capital	25.1	4,336,715	2,787,888	4,336,715	2,787,888
Share premium	25.2	350,945,748	222,272,108	350,945,748	222,272,108
Retained earnings		138,272,355	160,257,556	92,140,223	100,970,988
Deposit for shares	27	-	130,416,872	-	130,416,872
Foreign currency translation reserve	28	9,364,261	9,935,643	39,103	39,103
Other reserves arising on business combination and re-organisations	29	(368,683,312)	(368,683,312)	(191,718,064)	(191,718,064)
Capital and reserves attributable to owners		134,235,767	156,986,755	255,743,725	264,768,895
Non-controlling interests	18.3	305,322	-	-	-
Total equity		134,541,089	156,986,755	255,743,725	264,768,895
Total equity and liabilities		540,736,663	587,290,284	577,692,296	616,169,940

The accompanying notes and significant accounting policies on pages 61 to 136 form an integral part of these financial statements. These financial statements were approved and authorised for issue by the board of directors on 18th June 2019 and were signed on its behalf by:

Mobolaji Balogun 
Chairman
FRC/2013/CISN/00000004945

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

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

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 December

Group	Notes	Attributable to equity holders of the parent					Non-controlling			
		Share capital N'000	Share premium N'000	Retained earnings N'000	Deposit for shares N'000	Foreign currency translation reserve N'000	Other reserves arising on business combination and re-organisations N'000	Total interests		Total equity
								N'000	N'000	N'000
Balance at 1 January 2017		2,740,367	217,528,456	102,842,886	-	(8,660,486)	(256,899,951)	57,551,272	191,401,276	248,952,548
(Loss)/profit for the year		-	-	(35,009,407)	-	-	-	(35,009,407)	407,998	(34,601,409)
Other comprehensive income (Net of tax)		-	-	222,903	-	18,596,129	-	18,819,032	-	18,819,032
Total comprehensive income for the period		-	-	(34,786,504)	-	18,596,129	-	(16,190,375)	407,998	(15,782,377)
Transactions with owners:										
Deposit for shares	27	-	-	-	130,416,872	-	-	130,416,872	-	130,416,872
Movement in reserves arising from re-organisation		-	-	97,955,945	-	-	40,729,323	138,685,268	-	138,685,268
Net movement of Quasi-Equity loan		-	-	-	-	-	(199,453,879)	(199,453,879)	-	(199,453,879)
Quasi-equity loan taken over by Parent		-	-	-	-	-	-	-	(139,361,637)	(139,361,637)
Dividends declared	34.3	-	-	(5,754,771)	-	-	-	(5,754,771)	-	(5,754,771)
Dividends paid to NCI		-	-	-	-	-	-	-	(41,863)	(41,863)
Acquisition of NCI in Ashaka		47,521	4,743,652	-	-	-	46,941,195	51,732,368	(52,405,774)	(673,406)
Total transaction with owners		47,521	4,743,652	92,201,174	130,416,872	-	(111,783,361)	115,625,858	(191,809,274)	(76,183,416)
Balance at 31 December 2017		2,787,888	222,272,108	160,257,556	130,416,872	9,935,643	(368,683,312)	156,986,755	-	156,986,755
At 1 January 2018		2,787,888	222,272,108	160,257,556	130,416,872	9,935,643	(368,683,312)	156,986,755	-	156,986,755
(Loss)/profit for the year		-	-	(9,107,048)	-	-	-	(9,107,048)	305,322	(8,801,726)
Other comprehensive income (Net of tax)		-	-	131,990	-	(571,382)	-	(439,392)	-	(439,392)
Total comprehensive income for the period	18.3	-	-	(8,975,058)	-	(571,382)	-	(9,546,440)	305,322	(9,241,118)
Transaction with owners:										
Issue of shares	25	1,548,827	130,101,427	-	-	-	-	131,650,254	-	131,650,254
Deposit for shares	27	-	-	-	(130,416,872)	-	-	(130,416,872)	-	(130,416,872)
Dividends declared	34.3	-	-	(13,010,143)	-	-	-	(13,010,143)	-	(13,010,143)
Right issue costs	25.2	-	(1,427,787)	-	-	-	-	(1,427,787)	-	(1,427,787)
Total transaction with owners		1,548,827	128,673,640	(13,010,143)	(130,416,872)	-	-	(13,204,548)	-	(13,204,548)
Balance at 31 December 2018		4,336,715	350,945,748	138,272,355	-	9,364,261	(368,683,312)	134,235,767	305,322	134,541,089

The accompanying notes and significant accounting policies on pages 61 to 136 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF CHANGES IN EQUITY

for the year ended

Company	Notes	Attributable to equity holders of the parent					Total equity N'000	
		Share capital N'000	Share premium N'000	Retained earnings N'000	Deposit for shares N'000	Foreign currency translation reserve N'000		Other reserves arising on business combination and re-organisations N'000
Balance at 1 January 2017		2,740,367	217,528,456	119,825,320	-	-	-	340,094,143
Loss for the year		-	-	(13,223,626)	-	-	-	(13,223,626)
Other comprehensive income (Net of tax)		-	-	124,065	-	39,103	-	163,168
Total comprehensive income for the period		-	-	(13,099,561)	-	39,103	-	(13,060,458)
Transaction with owners:								
Issue of shares	25	47,521	4,743,652	-	-	-	-	4,791,173
Deposit for shares	27	-	-	-	130,416,872	-	-	130,416,872
Movement in reserves arising from re-organisation		-	-	-	-	-	7,735,815	7,735,815
Net movement of Quasi-Equity loan		-	-	-	-	-	(199,453,879)	(199,453,879)
Dividends declared	34.3	-	-	(5,754,771)	-	-	-	(5,754,771)
Total transaction with owners		47,521	4,743,652	(5,754,771)	130,416,872	-	(191,718,064)	(62,264,790)
Balance at 31 December 2017		2,787,888	222,272,108	100,970,988	130,416,872	39,103	(191,718,064)	264,768,895
At 1 January 2018		2,787,888	222,272,108	100,970,988	130,416,872	39,103	(191,718,064)	264,768,895
Profit for the year		-	-	4,141,764	-	-	-	4,141,764
Other comprehensive income (Net of tax)		-	-	37,614	-	-	-	37,614
Total comprehensive income for the period		-	-	4,179,378	-	-	-	4,179,378
Transaction with owners:								
Issue of shares	25	1,548,827	130,101,427	-	-	-	-	131,650,254
Deposit for shares	27	-	-	-	130,416,872	-	-	(130,416,872)
Right issue costs		-	(1,427,787)	-	-	-	-	(1,427,787)
Dividends declared	34.3	-	-	(13,010,143)	-	-	-	(13,010,143)
Total transaction with owners		1,548,827	128,673,640	(13,010,143)	(130,416,872)	-	-	13,204,548)
Balance at 31 December 2018		4,336,715	350,945,748	92,140,223	-	39,103	(191,718,064)	255,743,725

The accompanying notes and significant accounting policies on pages 61 to 136 form an integral part of these financial statements.

CONSOLIDATED AND SEPARATE STATEMENTS OF CASH FLOWS

for the year ended

	Notes	Group		Company	
		31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Cash flows from operating activities:					
Loss/Profit after tax		(8,801,726)	(34,601,409)	4,141,764	(13,223,626)
Adjustments to reconcile Loss for the year to net cash flows:					
Depreciation	16	22,288,279	22,181,159	16,369,888	16,304,267
Impairment losses on property, plant and equipment	16	925,207	19,178,254	219,000	12,394,270
Amortization of intangible asset	17	494,990	166,023	2,280	-
Impairment of intangible asset	17	-	226,670	-	-
Impairment of investments in subsidiaries	18.1.1	-	-	3,174,874	-
Other non-cash items	35.3	(59,859)	(1,262,945)	(1,107,304)	(1,725,648)
Net unrealized foreign exchange loss		6,206,982	1,677,899	3,885,150	1,416,442
Finance costs	12(b)	37,526,676	29,740,993	34,890,220	28,956,601
Finance income	12(a)	(1,719,176)	(1,438,980)	(1,317,064)	(1,107,476)
Dividend income	10.4	(1,977)	(1,767)	-	(294,055)
Share of loss from joint venture	18.2	65,155	140,263	-	112,236
Income tax expense/(credit)	14.2	(10,706,502)	281,460	(11,550,347)	5,837,763
Minimum tax	14.1	-	287,672	-	287,672
Provisions and net movement on employee benefits	35.1.6	(234,601)	(409,279)	(237,782)	(408,231)
Change in net working capital	35.1	(16,130,965)	(43,675,458)	(8,758,260)	(46,464,644)
Cash flow generated from/(used in) operations		29,852,483	(7,509,445)	39,712,419	2,085,571
Income taxes paid	14.7	(1,887,486)	(772,057)	(587,307)	(307,000)
Net cash flow (used in)/generated from operating activities		27,964,997	(8,281,502)	39,125,112	1,778,571
Cash flows from investing activities					
Acquisition of property, plant and equipment	16.2	(21,844,551)	(15,278,494)	(10,512,487)	(10,360,055)
Acquisition of intangible assets	17	(4,220,284)	(228,192)	(3,206,785)	-
Interest received	12	1,180,509	1,380,523	986,135	1,049,045
Acquisition of subsidiary, net of cash acquired	18.2	-	(673,406)	-	(673,406)
Dividend received from unlisted investments	10.4	1,977	1,767	-	-
Dividend received from subsidiaries	10.4	-	-	-	294,055
Proceeds from sale of property, plant and equipment	35.2	969,990	3,129,895	931,931	2,983,969
Net cash flow (used in)/generated from investing activities		(23,912,359)	(11,667,907)	(11,801,206)	(6,706,392)
Cash flows from financing activities					
Interest paid	12	(37,298,875)	(23,698,165)	(33,794,289)	(18,739,561)
Dividend paid to equity holders of the company	34.3	(11,845,272)	(16,280,825)	(11,845,272)	(16,280,825)
Dividend paid to Non Controlling Interest	34.4	-	(41,863)	-	-
Transaction cost on rights issue	27.1	(1,555,428)	(574,743)	(1,555,428)	(574,743)
Cash paid/received from futures and forward contracts		(5,536,300)	7,661,124	(5,536,300)	7,661,124
Net proceed from rights issues	27.1	19,378,284	-	19,378,284	-
Proceeds from loans and borrowings	30.5	99,712,346	195,099,306	81,266,692	187,310,535
Repayment of loans and borrowings	30.5	(87,925,710)	(138,981,397)	(88,528,977)	(138,646,769)
Net cash inflow (used in)/generated from financing activities		(25,070,955)	23,183,437	(40,615,290)	20,729,761
Net (decrease)/increase in cash and cash equivalents		(21,018,317)	3,234,028	(13,291,384)	15,801,940
Cash and cash equivalents at the beginning of the year	24.2	(1,148,616)	(3,730,386)	6,179,481	(7,783,026)
Cash and cash equivalents arising from merger		-	-	-	(1,882,466)
Effects of exchange rate changes on cash and cash equivalents		(1,641,109)	(652,258)	(650,460)	43,033
Cash and cash equivalents at the end of the year	24.2	(23,808,042)	(1,148,616)	(7,762,363)	6,179,481

The accompanying notes and significant accounting policies on pages 61 to 136 form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

for the year ended 31 December 2018

1 Business description

Lafarge Africa PLC (Lafarge Africa) 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 by the shareholders at an 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), AshakaCem Ltd (AshakaCem) and Atlas Cement Company Limited (Atlas). The Company's corporate head office is situated at 27B Gerrard Road, Ikoyi, Lagos which is same as the registered office.

Lafarge Africa is in the business of manufacturing and marketing of cement and other cementitious products such as Ready-Mix Concrete, Aggregates, Fly-Ash etc. On July 15, 2016, Lafarge S.A. France and Holcim Limited, Switzerland two large global players merged to form LafargeHolcim Group based in Zurich, Switzerland. Consequently Lafarge Africa is now a subsidiary company of Lafarge Holcim.

The term 'Group' as used in this report refers to Lafarge Africa, its subsidiaries and investment in joint ventures. Lafarge Africa Group comprises of Lafarge Africa Plc and its subsidiaries below:

- Lafarge Ready Mix Nigeria Limited was incorporated in Nigeria on 21 December, 2010, as a fully owned subsidiary of Lafarge Africa. Its main business is the production and sale of ready mix concrete used in the construction industry. Its principal office is located at 38 Kudirat Abiola Way, Oregun, Lagos, Nigeria.
- AshakaCem Ltd was incorporated in Nigeria on 7 August 1974 as a private limited liability company and was converted to a public limited liability company in July 1990. In April 2017, the shareholders of AshakaCem at an Extraordinary General Meeting (EGM) passed a resolution to delist the company from the official list of the Nigerian Stock Exchange (NSE). Subsequent to the delisting of the company, the shareholders of AshakaCem at a meeting ordered by the Court held an EGM on October 23, 2017 at which a Scheme to re-organize the issued share capital of the company was passed. The resolution passed at the court ordered meeting was subsequently filed and sanctioned by the Federal High Court and the sanction officially gazetted. At the conclusion of the scheme, Lafarge Africa owns 100% of the issued share capital of AshakaCem. AshakaCem's main business is the manufacturing and marketing

of cementitious materials. Ashaka Cem has a production capacity of 1.0mtpa.

- Lafarge South Africa Holdings (LSAH) is owned 100% by Lafarge Africa. LSAH own 72.40% of the operating companies of Lafarge South Africa Pty which consist of Lafarge Industries South Africa and Lafarge Mining South Africa. In total Lafarge South Africa's operations has 3.0mtpa cement production capacity in addition to assets in ready mix and fly ash. LSAH also owns 50% interest in Qala a joint operation involved in aggregate business located in South Africa.
- Wapsila Nigeria Limited was incorporated in Nigeria on 1 December 2014 as a wholly owned subsidiary of Lafarge Africa Plc. Its main business is the generation and sales of power. The Company is yet to commence operations as at 31 December 2018.

Lafarge Africa Plc owns a 35% interest in Continental Blue Investment (CBI), a Company involved in development, financing and operation of a cement grinding plant in Ghana.

The Group's subsidiaries are as stated below;

31 December 2018	31 December 2017
Lafarge Ready Mix Nigeria Limited	Lafarge Ready Mix Nigeria Limited
Lafarge South Africa Holdings (PTY) Limited	Lafarge South Africa Holdings (PTY) Limited
Ashaka Cement Limited	Ashaka Cement Limited
Wapsila Nigeria Limited	

2 Summary of significant accounting policies

2.1 Introduction to summary of significant accounting policies

The note provides a list of the significant accounting policies adopted in the preparation of these consolidated and separate financial statements to the extent they have not already been disclosed in other notes. These policies have been consistently applied to all the years presented unless otherwise stated.

Certain comparative amounts in the consolidated and separate statements of profit or loss, consolidated and separate statements of financial position and consolidated and separate statements of cash flows have been reclassified or re-represented. The changes were made in order to achieve fairer presentation and had no impact on profit or loss, total comprehensive income or loss, net assets and equity as previously reported (See Note 41).

2.2 Basis of preparation

i) Compliance with IFRS

These consolidated and separate financial statements of Lafarge Africa Plc have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB), and the requirements of the Companies and Allied Matters Act CAP C.20 Laws of the Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act, 2011. The financial statements which were prepared on a going concern basis, were authorized for issue by the Company's board of directors on 18th June 2019.

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

This is the first set of the Group's annual financial statements in which IFRS 15 *Revenue from Contracts with Customers* and IFRS 9 *Financial Instruments* have been applied. Changes to significant accounting policies are described in Note 2.2.2.

ii) Basis of measurement

The financial statements have been prepared in accordance with the going concern assumption under the historical cost concept except for the following:

- non-derivative financial instruments – initially at fair value and subsequently at amortized cost using effective interest rate
- derivative financial instruments – measured at fair value
- defined benefit pension plans - plan assets measured at fair value
- inventory - lower of cost and net realisable value

The historical financial information is presented in Naira and all values are rounded to the nearest thousand (N'000), except where otherwise indicated. The accounting policies are applicable to both the Company and Group.

iii) Use of judgements and accounting estimates

In preparing these consolidated and separate financial statements, management has made judgments, estimates and assumptions that affect the application of the Group/Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Judgements

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the separate and consolidated financial statements is disclosed in Note 3.1.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 31 December 2018 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is disclosed in Note 3.1

2.2.1 Going concern

The Group incurred a loss after tax for the year ended 31 December 2018 of N8.8 billion (2017: N34.6 billion) and as of that date, the Group's current liabilities exceeded its current assets by N119.3 billion (2017: N189.6 billion) while the Company's current liabilities exceeded its current assets by N114.2 billion (2017: N174.1 billion).

On 4 December 2018, the Company launched a Rights Issue to raise N89.2 billion which was fully subscribed and closed subsequent to year end as further described in Note 40.1. Furthermore, on 24th May 2019, the board of Lafarge Africa Plc approved the disposal of the Company's investment in Lafarge South Africa Holdings (LSAH) via a planned sale of the total equity interest held by the Company in LSAH to Caricement B.V., a related party within the LafargeHolcim Group. The disposal was negotiated and the sales price was agreed at USD 316.3 million (N115.2 billion) as further described in note 40.3. The proceeds from the sale will be used to settle the Company's shareholder loan which represents the only existing foreign currency loan in the books of the Company. The full repayment of the Shareholder Loan will result in a significant reduction in debt, interest charges and foreign exchange exposures which will in turn enhance the Company's profitability, financial position and cash flows. Additionally, the deconsolidation of LSAH which has been loss making and in a net current liabilities position will further enhance the Group's financial performance and position.

The planned improvement in cash flows and net income, resulting from the reduction in debt service outflows will enable Lafarge Africa Plc to effectively implement its growth strategies, optimize operating costs and improve the Company's profitability.

Based on the foregoing, the directors believe that the Group and Company will continue to be able to meet their obligations as they become due in the normal course of business. Accordingly, these financial statements have been prepared on the basis of accounting policies applicable to a going concern.

2.2.2 Changes in accounting policies and disclosures

i) New and amended standards and interpretations adopted by the Group

The Group has initially applied *IFRS 15 - Revenue from Contracts with Customers* (See A) and *IFRS 9 -*

Financial instruments (See B) from 1 January 2018. A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Group's financial statements.

Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards, except for certain hedging requirements and separately presenting impairment loss on trade receivables and contract assets.

The effect of initially applying IFRS 15 is immaterial while the initial application of IFRS 9 is mainly attributed to an increase in impairment losses recognised on financial assets.

A IFRS 15 - Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced *IAS 18 Revenue*, *IAS 11 Construction Contracts* and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control - at a point in time or over time - requires judgement.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under IAS 18 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

The impact of IFRS 15 on the Group's accounting for returns is immaterial as the Group historically records very immaterial returns on sales. Therefore, it is improbable that a significant reversal in the amount of cumulative revenue recognized will occur. The Group does not incur material costs to obtain its revenue contracts, therefore, the impact of IFRS 15 on accounting for contract costs is immaterial to the Group.

B IFRS 9 - Financial instruments

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement*.

As a result of the adoption of IFRS 9, the Group has adopted consequential amendments to IAS 1 *Presentation of Financial Statements*, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Group's approach was to include the impairment of trade receivables in other expenses. Consequently, the Group reclassified impairment losses amounting to N862.8million, recognised under IAS 39, from 'other expenses' to 'impairment loss on trade receivables' in the statement of profit or loss and OCI for the year ended 31 December 2017. Impairment losses on other financial assets are presented under 'finance costs', similar to the presentation under IAS 39, and not presented separately in the statement of profit or loss and OCI due to materiality considerations.

Additionally, the Group has adopted consequential amendments to IFRS 7 *Financial Instruments: Disclosures* that are applied to disclosures about 2018 but have not been generally applied to comparative information.

The impact of IFRS 9 on opening balances was considered immaterial.

i) Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments (for derivatives that are used as hedging instruments).

For an explanation of how the Group classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, see Note 2.14.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 January 2018.

		Group			
	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 N'000	New carrying amount under IFRS 9 N'000	
Financial assets					
Derivative assets	FVTPL	Mandatorily at FVTPL	640,091	640,091	
Trade and other receivables	Loans and receivables	Amortised cost	25,110,116	25,110,116	
Cash and cash equivalents	Loans and receivables	Amortised cost	50,414,757	50,414,757	
Other financial assets	Held to maturity	Amortised cost	2,163,689	2,163,689	
Total financial assets			<u>78,328,653</u>	<u>78,328,653</u>	
Financial liabilities					
Derivative liabilities	FVTPL	Mandatorily at FVTPL	4,212,406	4,212,406	
Bank overdrafts	Other financial liabilities	Other financial liabilities	31,081,780	31,081,780	
Interest bearing loans	Other financial liabilities	Other financial liabilities	256,546,960	256,546,960	
Trade payables	Other financial liabilities	Other financial liabilities	106,416,598	106,416,598	
Total financial liabilities			<u>398,257,744</u>	<u>398,257,744</u>	
		Company			
	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 N'000	New carrying amount under IFRS 9 N'000	
Financial assets					
Derivative assets	FVTPL	Mandatorily at FVTPL	640,091	640,091	
Trade and other receivables	Loans and receivables	Amortised cost	15,930,970	15,930,970	
Cash and cash equivalents	Loans and receivables	Amortised cost	41,698,854	41,698,854	
Other financial assets	Held to maturity	Amortised cost	1,883,373	1,883,373	
Total financial assets			<u>60,153,288</u>	<u>60,153,288</u>	
Financial liabilities					
Derivative liabilities	FVTPL	Mandatorily at FVTPL	4,212,406	4,212,406	
Bank overdrafts	Other financial liabilities	Other financial liabilities	15,037,780	15,037,780	
Interest bearing loans	Other financial liabilities	Other financial liabilities	255,625,336	255,625,336	
Trade payables	Other financial liabilities	Other financial liabilities	64,531,244	64,531,244	
Total financial liabilities			<u>339,406,766</u>	<u>339,406,766</u>	

a. Trade and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost.

b. Corporate debt securities that were previously classified as held-to-maturity are now classified at amortised cost. The Group intends to hold the assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

The impact of IFRS 9 on opening balances was considered immaterial.

ii) Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2018 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

Of those standards that are not yet effective, IFRS 16 is expected to have a material impact on the Group's financial statements in the period of initial application.

A IFRS 16 Leases

The Group is required to adopt IFRS 16 Leases from 1 January 2019. The Group has assessed the estimated impact that initial application of IFRS 16 will have on its consolidated financial statements, as described below. The actual impacts of adopting the standard on 1 January 2019 may change because:

- the new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance,

including IAS 17 Leases, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

i) Leases in which the Group is a lessee

The Group will recognise new assets and liabilities for its operating leases of warehouse, plant and machinery and factory facilities. The nature of expenses related to those leases will now change because the Group will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

In addition, the Group will no longer recognise provisions for operating leases that it assesses to be onerous as described. Instead, the Group will include the payments due under the lease in its lease liability.

No significant impact is expected for the Group's finance leases.

Based on the information currently available, the Group estimates that it will recognise additional lease liabilities and corresponding right of use asset of between ₦20.5 billion to ₦27.8 billion as at 1 January 2019.

ii) Leases in which the Group is a lessor

Based on the information currently available, no significant impact is expected for leases in which the Group is a lessor as at 1 January 2019.

iii) Transition

The Group plans to apply IFRS 16 initially on 1 January 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply IFRS 16 to all contracts entered into before 1 January 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

B Other standards

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

**New standards or amendments
Effective date**

- IFRIC 23 Uncertainty over Tax Treatments.	1 January 2019
- Prepayment Features with Negative Compensation (Amendments to IFRS 9).	1 January 2019
- Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28).	1 January 2019
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19).	1 January 2019
- Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards	1 January 2019
- Amendments to References to Conceptual Framework in IFRS Standards	1 January 2020

2.3 Principles of consolidation and equity accounting

The financial statements of the consolidated subsidiaries used to prepare the consolidated financial statements were prepared as at the parent company's reporting date.

i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has the right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and unconsolidated from the date that control ceases.

Common control business combination and re-organization:

The Group uses the pooling of interest method to account for business combinations involving entities ultimately controlled by LafargeHolcim group. A business combination is a "common control combination" if:

- The combining entities are ultimately controlled by the same party both before and after the combination and
- Common control is not transitory

Under a pooling of interest-type method, the Group accounts for the combination as follows:

- a) The assets and liabilities of the acquiree are recorded at book value and not at fair value.
- b) 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).
- c) No goodwill is recorded. The difference between the acquirer's cost of investment and the acquiree's equity is recorded directly in equity.
- d) Any non-controlling interest is measured as a proportionate share of the book values of the related assets and liabilities.

- e) Any expenses of the combination are written off immediately in the statement of profit or loss and comprehensive income.
- f) For business combinations, comparative amounts are restated as if the combination had taken place at the beginning of the earliest comparative period presented.

For capital re-organisations between entities already controlled by Lafarge Africa, transactions are effected as though they started at the beginning of the year of merger using the book value of the entities. Comparatives are not restated.

- g) Adjustments are made to achieve uniform accounting policies.

Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

- ii) **Non-controlling interests (NCI)**
NCI is measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that does not result in a loss of control are accounted for as equity transactions.

- iii) **Loss of control**
When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

- iv) **Joint arrangements**
The Group's joint arrangements are classified as joint venture. A joint venture is an arrangement in which the Group and other parties have joint control, whereby the group has rights to the net assets of the joint arrangement. The classification is based on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Interests in joint ventures are accounted for using the equity method (see (v) below).

- v) **Interest in equity-accounted investees**
Under the equity method of accounting, the

investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.11.

Interests in the joint ventures are derecognised when the Group loses joint control over the joint venture. Any resulting gain or loss is recognized in profit or loss.

- vi) **Changes in ownership interests**
Interests in the equity of subsidiaries not attributable to the parent are reported in equity as non-controlling interest. Profits or losses attributable to non-controlling interests are reported as profit or loss attributable to non-controlling interests.

In the separate financial statements of Lafarge Africa Plc (the Company) investment in subsidiaries is recognised at cost and dividend income is recognised in other income in the statement of profit or loss.

The Group assesses at the end of each reporting period whether there is objective evidence that an investment is impaired. An investment is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the investment and has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss.

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 reversal of the previously recognised impairment loss is recognised in profit or loss.

vii) **Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2.4 Foreign currency translations

a) **Functional and presentation currency**

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency for the Nigerian entities is Nigerian Naira and South Africa Rand for the South African entities. The presentation currency of the Group is the Nigerian Naira (N).

b) **Foreign currency transactions**

Transactions in foreign currencies are translated into 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. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

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).

c) **Foreign operations**

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.

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 recycled to the statement of profit or loss as part of gain or loss on disposal. The same is applicable in a loss of significant influence or joint control.

If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is retributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

2.5 Revenue recognition

The Group has initially applied IFRS 15 from 1 January 2018. The effect of initially applying IFRS 15 is described in note 2.2.2a

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

Policy applicable before 1 January 2018

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. The Group's product includes cement, aggregates, flyash and admixtures.

Policy applicable from 1 January 2018

The Group recognizes revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). The amount of revenue recognized is the amount allocated to the satisfied performance obligation. A performance obligation may be satisfied at a point in time (typically for promises to transfer goods to a customer) or over time (typically for promises to transfer services to a customer or for construction related activities).

Investment income

Investment income arising on dividends from subsidiaries and un-listed investments are usually classified as part of other income. Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

2.7 Finance income and expenses

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as Available For Sale, 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. Foreign exchange gains and losses on transactions are presented net in finance income or finance expense. Dividend income is recognised in profit or loss on the date the Group's right to receive the payment is established.

Finance expense is recognised in profit or loss and would normally include; bank charges, interest expense calculated using the effective interest rate method, exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs and the unwinding of the effect of discounting provisions.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

2.8 Government grants

The Group's government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached 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. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

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.

2.9 Current, deferred and minimum taxation

a) Current tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in arriving at profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the applicable tax laws enacted or substantively enacted at the reporting date in the country where the Group generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss

- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption. Deferred tax assets and liabilities are offset only if certain criteria are met.

c) **Investment allowances and similar tax incentives**
Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure. The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unutilised tax credits that are carried forward as deferred tax assets.

d) **Minimum tax**
The Company is subject to the Companies Income Tax Act (CITA). Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and Minimum tax (determined based on the sum of (i) the highest of; 0.25% of revenue of N500,000, 0.5% of gross profit, 0.25% of paid up share capital and 0.5% of net assets; and (ii) 0.125% of revenue in excess of N500,000). Taxes based on taxable profit for the period are treated as income tax in line with IAS 12; whereas Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss.

2.10 Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease.

At inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate

the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

Leases are classified as finance leases and operating leases.

i) **Operating lease**

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the statement of financial position based on their nature.

ii) **Finance lease**

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

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.

2.11 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than biological assets, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Subsequent measurement and gains and losses: Policy applicable from 1 January 2018

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the

investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

2.12 Cash and cash equivalents

Cash and cash equivalents as shown in the statement of financial position comprise cash in hand or bank, deposit held at call with banks and time deposits which are readily convertible to cash with original maturities of three months or less.

Bank overdrafts that are repayable on demand and form an integral part of the Group/Company's cash management are included as a component of cash and cash equivalents for the purpose of statement of cash flows.

2.13 Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of raw materials, spare parts, other supplies (consumables) and purchased finished goods 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.

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.

Slow moving and obsolete inventory items are written off to profit or loss.

2.14 Financial instruments

2.14.1 Financial assets

Non-Derivative financial assets:

- i. **Recognition and initial measurement**
Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction.
- ii. **Classification and subsequent measurement**
Financial assets – Policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets (see Note 32(A)). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Subsequent measurement and gains and losses: Policy applicable from 1 January 2018.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
---------------------------	--

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
------------------------------------	--

Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
---------------------------	--

Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.
-----------------------------	--

Policy applicable before 1 January 2018

1) Classification

The Group classifies its financial assets as loans and receivables and available-for-sale financial assets, the Group does not hold any financial assets in any other financial instrument category. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group's loans and receivables comprise trade and other receivables, loans and advances, receivables due from related parties and cash and cash equivalents, and are included in current and non-current assets depending on their contractual settlement date. They are classified as current if they are to be settled within one year and non-current if they are to be settled after one year.

b) Available-for-sale

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 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.

ii) **Recognition and measurement**

Loans and receivables are initially recognized at fair value plus any directly attributable transaction costs using the effective interest rate method on the date when they are originated. All other financial assets are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument. Subsequently, loans and receivables are carried at amortised cost less any impairment.

**Subsequent measurement and gains and losses:
Policy applicable before 1 January 2018**

Financial assets at FVTPL	Measured at fair value and changes therein, including any interest or dividend income, were recognised in profit or loss.
Held-to-maturity financial assets	Measured at amortised cost using the effective interest method.
Loans and receivables	Measured at amortised cost using the effective interest method.
Available-for-sale financial assets	Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognised in OCI and accumulated in the fair value reserve. When these assets were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss.

2.14.2 Financial liabilities

*Non-Derivative financial liabilities:
Classification*

i) Financial liabilities are classified as financial liabilities at amortised cost. The Group has no financial liabilities in any other category. Management determines the classification of financial liabilities at initial recognition.

a) *Financial liabilities at amortised cost*

These includes trade and other payables, loan payables and borrowings. Trade payables are classified as current liabilities due to their short term nature while borrowings are spilt into current and non current liabilities. Borrowings included in non-current liabilities are those with maturities greater than 12 months after the reporting date.

ii) *Recognition & measurement*

Financial liabilities are recognized initially at fair value, net of any transaction costs. Loan payables and borrowings are recognized on the date when they are originated. All other financial liabilities are initially recognized on the trade date when the entity becomes party to the contractual provisions

of the instrument. Subsequently, they are measured at amortised cost using the effective interest method.

iii) *Classification of Shareholder loans as debt or equity*

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

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 or pay 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 would be recognized in retained earnings.

2.14.3 Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Company tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition).

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

2.14.4 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legal enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in event of default, insolvency or bankruptcy of the Bank or the counterparty.

2.14.5 Impairment of financial assets

(i) Non-derivative financial assets

Policy applicable from 1 January 2018

The Group recognises loss allowances for ECLs on financial assets measured at amortised cost. The Group measures loss allowances at an amount equal to the 12 month ECLs.

The Expected credit losses for trade and other receivables are estimated using a provision matrix based on the Group's historical credit loss

experience adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both current as well as the forecast direction of conditions at the reporting date. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information. The Group has identified the change in annual GDP to be the most relevant factors and accordingly adjusts the historical loss rates if a significant change in GDP is expected within the next 12 months.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the

Group on terms that the Group would not consider otherwise;

- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Policy applicable before 1 January 2018

(i) Non-derivative financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a Group of financial assets is impaired. A financial asset or Group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Group of financial assets that can be reliably estimated.

The Group considers evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Group uses historical information on the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account.

When the Group considers that there are no realistic prospects of recovery of the asset, the relative amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

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 (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss (in profit or loss) is recognised in the profit or loss.

Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

2.15 Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item

will flow to the Group and the cost can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Spares expected to be in use for more than one year with material values as determined by the Directors are capitalised and depreciated over a period of 3-10 years.

Construction work in progress (Construction expenditure) is not depreciated, it is carried at cost less any recognised impairment losses. Cost includes professional fees and for qualifying assets, borrowing costs capitalised in accordance with the company accounting policies. All such assets, once available for use are capitalised within the appropriate class of property, plant and equipment and subjected to the applicable depreciation rate in the year they are used.

Freehold or leasehold land with indefinite extension is not depreciated by the Group. Depreciation of property, plant and equipment is calculated using the straight-line method to write down the cost or revalued amounts to the residual values over the estimated useful lives, as follows:

	Useful life
Leasehold land	Depreciated over the lease term (years)
Buildings	20-35
Production plant	20-30
Capitalized spares	3-10
Furniture	3-10
Motor vehicles	3-10
Computer equipment	4-10
Ancillary plant & machinery	10-20

The assets' residual values, useful lives and depreciation method are reviewed and adjusted if appropriate, at the end of each reporting date.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the estimated selling price in the ordinary course of business less costs to sell and value in use.

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

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.

2.15.1 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.

2.15.2 Inspection costs

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

2.16 Intangible assets

Initial recognition and measurement

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, and
- 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.

Subsequent 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. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Amortisation methods and periods

The useful lives of intangible assets are assessed as finite.

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.

Derecognition

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. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal.

2.16.1 Software

Intangible assets primarily include software costs and are amortized using the straight-line method over their estimated useful life of 3 years which is based on management estimation. This expense is recorded in administrative expenses based on the function of the underlying assets. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal.

2.17 Borrowing costs

General and specific borrowing cost directly attributable to the acquisition, construction or production of a qualifying assets, which are assets that necessarily takes a substantial period of time to get ready for their intended use or sale, are added to the cost of those asset, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. These include interest expenses calculated using the effective interest rate method, finance charges in respect of finance leases and exchange differences arising from foreign currency borrowings. Where a range of debt instruments is used to borrow funds, or where

the financing activities are coordinated centrally, a weighted average capitalization rate is applied.

2.18 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.

The amount of provisions are 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 relevant asset. The cash flows are discounted at a current pre-tax rate that reflects the current market assessments of the time value of money and the risk specific to the liability. The increase in the provision due to passage of time is recognised as interest expense.

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.

2.18.1 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company, or a present obligation that arise from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

2.18.2 Site restoration provisions

In accordance with 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 on commencement of mining activities. 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 restoration 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.

2.19 Exploration and evaluation

(a) Pre-licence costs

Pre-licence costs relate to costs incurred before the Group has obtained legal rights to explore in a specific area. Such costs may include the acquisition of exploration data and the associated costs of analysing that data. These costs are expensed in the period in which they are incurred.

(b) Exploration and evaluation expenditure

Exploration and evaluation activity involves the search for mineral resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource

Exploration and evaluation activity includes:

- Researching and analysing historical exploration data
- Gathering exploration data through geophysical studies
- Exploratory drilling and sampling
- Determining and examining the volume and grade of the resource
- Surveying transportation and infrastructure requirements
- Conducting market and finance studies

Licence costs paid in connection with a right to explore in an existing exploration area are capitalised and amortised over the term of the permit.

Once the legal right to explore has been acquired, exploration and evaluation expenditure is charged to profit or loss as incurred, unless the Group concludes that a future economic benefit is more likely than not to be realised. These costs include directly attributable employee remuneration, materials and fuel used, surveying costs, drilling costs and payments made to contractors. In evaluating whether the expenditures meet the criteria to be capitalised, several different sources of information are used. The information that is used to determine the probability of future benefits depends on the extent of exploration and evaluation that has been performed.

2.20 Employee benefits

a) Short-term employee benefits

This includes wages, salaries, bonuses, paid annual leave, sick leave and other contributions. These benefits are expensed in the period in which the associated services are rendered by employees of the Group. A liability is recognized for the amount that is expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The Group ensures that each employee is paid his/her annual leave entitlement at the end of each reporting period.

b) Other long-term employee benefits (Long service award)

The company provides employees with two (2) Long Service Award Benefits. The benefits are gift items, Ex-Gratia (expressed as a multiple of Monthly Basic Salary), a plaque and certificate. The liability recognised in respect of these awards is computed using actuarial methods (discounted at present value). Any resulting remeasurement gain/loss is recognised in full within other income/administrative expense in the profit or loss. Current service cost is included as part of administrative expense and interest cost is included as part of finance cost in the profit or loss.

c) Post-employment benefit obligations

i) Defined contribution scheme

The Group operates a defined contribution retirement benefit scheme for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. In a defined contribution plan, the actuarial risk falls 'in substance' on the employee. For Nigerian entities, the employee contributes 8% while the Group contributes 10% of the emoluments (basic, housing and transport allowance). The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Lafarge South Africa facilitate and contribute to the provision of retirement benefits for all permanent employees in accordance with South African Pension Funds Act, 1956.

The assets of this scheme are held in separate trustee administered funds, which are funded by contributions from both the employee and the Group. The contributions are recognised as employee benefit expense as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

ii) Defined benefit plans

Lafarge South Africa operates defined benefit plans for certain qualifying employees. The scheme includes post-retirement medical and retirement gratuity benefits. Defined benefit plans define an

amount of pension benefit that an employee will receive on retirement, dependent on, years of service and compensation. The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Where there is no deep market in such bonds, the market rates on government bonds are used.

The estimated cost of providing such benefits is charged to the statement of comprehensive income on a systematic basis over the employees' working lives.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions (remeasurements) are recognised in other comprehensive income in the period in which they arise and accumulated in retained earnings.

Current service cost is included as part of administrative expense and interest cost is included as part of finance cost in the profit or loss.

d) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

2.21 Share capital

The Company has only one class of shares; ordinary shares. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12

2.22 Dividends

Dividends are recognized as liability in the period they are declared.

Dividends which remained unclaimed for a period exceeding twelve (12) years from the date of declaration and which are no longer actionable by shareholders in accordance with Section 385 of the Companies and Allied Matters Act CAP C.20 Laws of the Federation of Nigeria, 2004 are written back to retained earnings.

2.23 Earnings per share

Basic earnings per share is computed by dividing the profit or loss attributable to owners of the Company by the weighted average number of shares outstanding during the period.

Diluted earnings per share is calculated by dividing the profit or loss attributable to the owners of the Company, by the weighted average number of shares outstanding after adjusting for the effects of all dilutive potential ordinary shares.

2.24 Deposit for shares

The company received deposits for shares to be issued at a future date. At the time of receipt of these funds, and at every reporting period thereafter during which such funds are outstanding and not refunded or converted to shares, and while the company has the discretion to either issue shares or refund the money, it is classified as a financial liability measured at amortised cost. At such time as the company issues the shares, this is converted to equity.

2.25 Statement of cash flows

The statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating activities, investing activities and financing activities.

The cash flows from operating activities are determined by using the indirect method. Net income is therefore adjusted by non-cash items, such as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated for the purpose of preparing the statement.

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposit held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. The cash flows from investing and financing activities are determined by using the direct method.

2.26 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 in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's audit committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 — inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 — inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 4.3.1 – Financial Instrument – Fair value measurement.

The Group only has assets measured on recurring basis in each reporting period. There were no non-recurring assets measured at fair value. Further information about the assumptions made in measuring the fair value is included in Note 4.3.1 - Financial Instruments Fair Value measurement.

2.27 Operating profit

Operating profit is the result generated from the continuing principal revenue producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit or loss of equity accounted investees and income taxes.

3 Accounting estimates and judgments

The preparation of financial statements requires management to make certain judgments, accounting estimates and assumptions that affect the amounts reported for the assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the year. The nature of the estimation means that actual outcomes could differ from those estimates. The key source of estimation uncertainty that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities are discussed below.

3.1 Judgements

Leases

The judgements on whether an arrangement contains a lease and lease classification is disclosed in Note 2.10.

3.2 Key sources of estimation uncertainty

3.2.1 Site restoration provisions

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 added to or deducted from the cost of the site. 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. See further details in Note 31.1.

3.2.2 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 significant assumptions in line with the expected credit loss model of IFRS 9 in determining the weighted average loss rate. See further details in Note 23.

3.2.3 Rate for translation of foreign operations

The Group determines the rate to be used for translation of its foreign operations based on the rate available for immediate delivery. Based on

management's assessment, this is the NIFEX rate because it is the rate that will be used for dividend remittance by the foreign subsidiary. Where the NIFEX rate fluctuates by 10% from management's estimates, the amount of loss recognised in the year would be increased by N254 million and net assets would reduce by N1.22 billion.

3.2.4 Staff gratuities and Long Service awards

The cost of the defined benefit plans and the present value of retirement benefit obligations and long service awards are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and changes in inflation rates. Due to the complexities involved in the valuation and its long-term nature, these obligations are highly sensitive to changes in assumptions.

All assumptions are reviewed at each reporting date. The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers market yield on federal government bond in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The rates of mortality assumed for employees are the rates published in 67/70 ultimate tables, published jointly by the Institute and Faculty of Actuaries in the UK. Further information is provided in Note 33.

3.2.5 Impairment of Property, Plant and Equipment

The Group assesses its property, plant and equipment, for possible impairment if there are events or changes in circumstances that indicate that carrying values of the assets may not be recoverable, or at least at every reporting date.

The assessment for impairment entailed comparing the carrying value of the cash generating unit with its recoverable amount. The recoverable amount is based on an estimate of the value in use of these assets. Value in use is determined on the basis of discounted estimated future net cash flows. During the year, the Group recognised impairment losses in respect of crusher in Mfamosing Plant, Exploration and evaluation costs and items of PPE in aggregation sites in South Africa. The value in use for all impaired items during the period is estimated to be zero as the Group does not expect any positive net cash flows arising from use or abandonment. These assets cannot be sold or transferred. See further details in Notes 16.3 and 16.4.

3.2.6 Deferred tax

Management is required to assess the ability of the Group to generate future taxable economic earnings that will be used to recover all deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. The estimates are based on the future cash flow from operations. See Note 14.8 for further details.

3.2.7 Exploration and evaluation

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

In addition to applying judgement to determine whether future economic benefits are likely to arise from the Group's exploration and evaluation assets or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves, the Group has to apply a number of estimates and assumptions.

The estimates directly impact when the Group defers exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events and circumstances, particularly, whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditure is unlikely, the relevant capitalised amount is written off to the statement of profit or loss and other comprehensive income in the period when the new information becomes available.

3.2.8 Prepayment of Gas

The Company has a gas supply contract with a vendor. The contract requires that a base amount is paid (take-or-pay (TOP)) by the Company regardless of its gas utilisation. The excess of the base amount over the value of actual gas utilised is recognized in the financial statements as prepayment for gas.

Based on the contract, any quantities of Gas forming part of the TOP quantity paid for by the Company and not utilised during a contract year shall be designated as Make-up Gas (MUG) and the Company shall be entitled to utilise the remaining balance of the accrued Make-up Gas in any subsequent period in the chronological order

in which it is accrued during the contract period. See Prepayment for Gas in Note 21.1.

3.2.9 Impairment of Investment in Subsidiary

Investments in Subsidiaries are carried at cost less impairment in the accompanying separate financial statements of the Company. The carrying amount of the Company's investment subsidiaries of the Company is identified and assessed by management as a separate Cash Generating Unit (CGU).

Management performs an assessment at the end of each reporting period to determine whether there is any indication that the Investment in the subsidiaries may be impaired.

Management has estimated the recoverable amount of the Investment in LSAH by assessing the fair value less costs to sell. Estimating the recoverable amount is a complex process involving a number of assumptions, judgements and estimates regarding various inputs. See Note 18.1.1 for further details.

4 Financial risk management

The Group has exposure to credit, liquidity and market risk arising from financial instruments.

4.1 Financial risk factors

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 and interest rate risk), credit and liquidity risk.

The Group seeks to minimise the effects of these risks by aligning to parent company's policies as approved.

Compliance with policies and established controls is reviewed by the internal auditors on a continuous basis.

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.

4.1.1 Credit risk

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 to the Group. 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.

(a) Credit risk management

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. 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. The credit limit determined on an individual customer basis and as approved by the credit committee based on a assessment of each customers credit worthiness. Bank

guarantees are required from every customer that is granted credit.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. 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.

The average credit period on sales of goods is 30 days. No interest is charged on trade receivable by the Group.

Before accepting a new customer with no historical information on their credit worthiness, the Group ensures that bank guarantees are in place in order to limit its credit risk exposure. The bank guarantees mitigates 90% of the credit risk exposure.

The Group does not have a single customer with a contribution of more than 5% of the total balance of trade receivables.

The group does not require collateral in respect of trade and other receivables. The group does not have trade receivables for which no loss allowance is required because of collateral.

The financial assets of the Group and Company are stated below:

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Trade receivables - Net (Note 23)	13,557,082	19,983,703	2,125,426	3,631,951
Other receivables (Note 23)	7,606,912	5,126,413	9,042,279	12,299,019
Other financial assets (Note 19) **	2,276,013	2,163,689	1,739,739	1,883,373
Cash and cash equivalents (Note 24)	12,550,697	50,414,757	10,177,776	41,698,854
Derivative assets	95,573	640,091	95,573	640,091
	<u>36,086,277</u>	<u>78,328,653</u>	<u>23,180,793</u>	<u>60,153,288</u>

Financial assets exclude prepayment, VAT receivable and withholding tax recoverable as these are non financial instruments.

** Other financial assets exclude available for sale assets.

Trade receivables:

Trade receivables are further broken down into:

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Neither past due nor impaired (Stage 1)				
0 - 30 days	12,728,402	12,491,392	1,432,180	1,739,680
Past due but not impaired (Stage 2)				
The ageing of amounts past due but not impaired is as follows:				
31 - 60 days	649,203	2,684,415	502,421	883,999
61 - 90 days	136,046	1,753,196	89,753	236,969
Over 90 days	43,431	3,054,700	101,072	771,303
	<u>828,680</u>	<u>7,492,311</u>	<u>693,246</u>	<u>1,892,271</u>
Impaired (Stage 3)				
Credit impaired	764,220	954,963	149,573	127,621
Total amount exposed to credit risk (Gross)	<u>14,321,302</u>	<u>20,938,666</u>	<u>2,274,999</u>	<u>3,759,572</u>
Impairment allowance (Note 23.3)	(764,220)	(954,963)	(149,573)	(127,621)
Total amount exposed to credit risk (Net)	<u>13,557,082</u>	<u>19,983,703</u>	<u>2,125,426</u>	<u>3,631,951</u>

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings as available.

Amounts due from related parties are considered recoverable by management as the Group has not suffered significant impairment losses in the past on related party receivables.

Impairment of trade receivables

An impairment analysis is performed at each reporting date and the calculation is based on actual incurred historical data. Individual receivables which are known to be uncollectible are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment. The Group considers that there is evidence of impairment if any of the following indicators are present:

- significant financial difficulties of the debtor
- probability that the debtor will enter bankruptcy or financial reorganisation, and
- default or delinquency in payments (more than 30 days overdue).

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash.

Impairment losses are recognised in profit or loss. Subsequent recoveries of amounts previously written off are credited to profit or loss.

Reconciliation of changes in the allowance for credit losses impairment account is disclosed in Note 23.3.

Expected credit loss assessment for corporate customers as at 1 January and 31 December 2018

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions from agencies.

Exposures within each credit risk grade are segmented by geographic region and industry classification and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the past two years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

(b) Security

The Group holds bank guarantees to cover its credit risks associated with its financial assets.

(c) **Credit quality**

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. The Group mitigates its credit risk of its bank balance and derivative financial assets by selecting and transacting with reputable banks with good credit ratings and a history of strong financial performance.

Bank ratings are based on Fitch national long term rating (2018). The credit ratings of the banks with the bank balances are shown below.

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Cash at bank				
AAA	558,986	1,902,737	537,553	1,173,742
AA+	5,336	219,295	-	-
AA-	63,241	10,037,563	-	4,810,254
A+	8,347	13,078,340	8,347	12,942,725
A	-	357,258	-	32,191
BBB	-	2,760,362	-	766,312
BBB-	-	104,178	-	31,954
BB+	-	1,184,001	-	1,184,001
B+	333,022	-	-	-
B	8,007,595	201,564	7,706,995	201,564
B-	130,748	-	78,710	-
F1	127,889	-	96,885	-
F3	28,211	-	28,211	-
	<u>9,263,375</u>	<u>29,845,298</u>	<u>8,456,701</u>	<u>21,142,743</u>
Restricted cash at bank*	1,077,794	20,481,593	1,077,794	20,481,593
Others**	2,209,528	87,866	643,281	74,518
Total cash and cash equivalents	<u>12,550,697</u>	<u>50,414,757</u>	<u>10,177,776</u>	<u>41,698,854</u>

**Others include cash in hand which have not been assessed for credit risk.

'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

'AA' ratings denote expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

'A' ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

'BBB' ratings indicate that expectations of credit risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity.

'BB' ratings indicate an elevated vulnerability to credit risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial alternatives may be available to allow financial commitments to be met.

'B' ratings indicate that material credit risk is present.

'The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories.

Trade receivables

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Counterparties without external rating				
Group 1 - New customers < 1 year	1,611,707	1,288,346	727,865	699,800
Group 2 - Existing customer with no default	10,184,281	7,921,147	521,989	134,793
Group 3 - Existing customer with default	932,414	3,281,899	182,326	905,087
	<u>12,728,402</u>	<u>12,491,392</u>	<u>1,432,180</u>	<u>1,739,680</u>

4.1.2 Liquidity risk

(a) Management of liquidity risk

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.

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 Group maintains the following lines of credit:

- N27.8billion overdraft facility that is unsecured. Interest payable ranges from 19% - 23%.

- N60billion commercial papers that is unsecured and can be drawn to meet short-term financing needs. The facility has a maximum maturity period of 270 days. Interest payable ranges from 16.48% - 17.01%.

The Group maintains a margin call account as security on its non-deliverable futures. It attracts interest at the prevailing bank's interest rate.

(b) Maturities of financial liabilities

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 Group maintains the following lines of credit:

- N27.8billion overdraft facility that is unsecured. Interest payable ranges from 19% - 23%.

- N60billion commercial papers that is unsecured and can be drawn to meet short-term financing needs. The facility has a maximum maturity period of 270 days. Interest payable ranges from 16.48% - 17.01%.

The Group maintains a margin call account as security on its non-deliverable futures. It attracts interest at the prevailing bank's interest rate.

Group

31 December 2018

Non derivative financial instruments

Interest-bearing loans and borrowings

Trade and other payables**

Bank overdraft

Derivative financial instruments

Derivative liability

	Carrying amount N'000	Contractual cash flows N'000	0 - 12 months N'000	1-3 years N'000	Above 3 years N'000
Interest-bearing loans and borrowings	266,207,059	271,796,196	108,570,315	41,009,771	122,216,110
Trade and other payables**	73,918,278	73,918,278	73,918,278	-	-
Bank overdraft	35,280,945	35,280,945	35,280,945	-	-
Derivative liability	244,176	247,805	247,805	-	-
	<u>375,650,458</u>	<u>381,243,224</u>	<u>218,017,343</u>	<u>41,009,771</u>	<u>122,216,110</u>

31 December 2017

Non derivative financial instruments

Interest-bearing loans and borrowings

Trade and other payables**

Bank overdraft

Derivative financial instruments

Derivative liability

	Carrying amount N'000	Contractual cash flows N'000	0 - 12 months N'000	1-3 years N'000	Above 3 years N'000
Interest-bearing loans and borrowings	256,546,960	277,917,845	199,435,400	77,407,803	1,074,642
Trade and other payables**	106,416,598	106,416,598	106,416,598	-	-
Bank overdraft	31,081,780	31,081,780	31,081,780	-	-
Derivative liability	4,212,406	4,532,198	4,532,198	-	-
	<u>398,257,744</u>	<u>419,948,421</u>	<u>341,465,976</u>	<u>77,407,803</u>	<u>1,074,642</u>

Company

31 December 2018

Non derivative financial instruments

Interest-bearing loans and borrowings

Trade and other payables**

Bank overdraft

Derivative financial instruments

Derivative liability

	Carrying amount N'000	Contractual cash flows N'000	0 - 12 months N'000	1-3 years N'000	Above 3 years N'000
Interest-bearing loans and borrowings	250,077,462	254,633,695	97,974,390	38,002,862	118,656,443
Trade and other payables**	44,254,829	44,254,829	44,254,829	-	-
Bank overdraft	16,862,345	16,862,345	16,862,345	-	-
Derivative liability	244,176	247,805	247,805	-	-
	<u>311,438,812</u>	<u>315,998,674</u>	<u>159,339,369</u>	<u>38,002,862</u>	<u>118,656,443</u>

31 December 2017

	Carrying amount N'000	Contractual cash flows N'000	0 - 12 months N'000	1-3 years N'000	Above 3 years N'000
Non derivative financial instruments					
Interest-bearing loans and borrowings	255,625,336	276,996,221	198,513,776	77,407,803	1,074,642
Trade and other payables**	64,531,244	64,531,244	64,531,244	-	-
Bank overdraft	15,037,780	15,037,780	15,037,780	-	-
Derivative financial instruments					
Derivative liability	4,212,406	4,532,198	4,532,198	-	-
	<u>339,406,766</u>	<u>361,097,443</u>	<u>282,614,998</u>	<u>77,407,803</u>	<u>1,074,642</u>

The amounts disclosed in the tables above are the contractual undiscounted cash flows of the liabilities. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

** Trade and other payables exclude VAT payable, advance rent received, customer deposits and withholding tax payable as these are non financial instruments.

4.1.3 Market risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Group is exposed to interest rate risk and foreign exchange rate risk.

(I) 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's main interest rate risk arises from long-term borrowings with variable rates, which expose the group to cash flow interest rate risk.

The Group is not exposed to fair value interest rate risk because its fixed interest rate borrowings are not carried at fair value. Interest rate risk is managed by the Group by maintaining an appropriate mix between fixed and floating borrowings. The sensitivity analysis 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 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.

Floating interest rate (variable rate):

The financial liabilities with floating interest rates are shown below;

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
<i>Foreign denominated variable rates</i>				
Related party loan (Note 30.4)	140,411,911	144,391,559	129,996,764	143,808,356
	<u>140,411,911</u>	<u>144,391,559</u>	<u>129,996,764</u>	<u>143,808,356</u>
Fixed rates for financial liabilities :				
The financial liabilities with fixed interest rates are shown below;				
<i>Foreign denominated fixed rates</i>				
Lafarge Gypsum S. A Pty Ltd	315,008	338,421	-	-
	<u>315,008</u>	<u>338,421</u>	<u>-</u>	<u>-</u>
<i>Naira denominated fixed rates</i>				
Power Fund (7%, 9%)	11,345,910	7,698,505	5,946,467	7,698,505
Bond (14.25%/14.75%)	60,249,338	59,842,611	60,249,338	59,842,611
Due to FBN : Commercial Papers (16.53% - 17.01% p.a)	53,884,892	44,275,864	53,884,893	44,275,864
Bank overdrafts	35,280,945	31,081,780	16,862,345	15,037,780
	<u>160,761,085</u>	<u>142,898,760</u>	<u>136,943,043</u>	<u>126,854,760</u>
Total	<u>301,488,004</u>	<u>287,628,740</u>	<u>266,939,807</u>	<u>270,663,116</u>

Floating interest rate (variable rate):

The financial assets with floating interest rates are shown below;

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
<i>Foreign denominated variable rates</i>				
Loan to CBI Ghana (12 months LIBOR + 11%)	1,739,739	1,585,630	1,739,739	1,585,630
	1,739,739	1,585,630	1,739,739	1,585,630

Sensitivity of interest rates for financial liabilities

The Group is exposed to cash flow interest rate risk on related party loans and bank overdrafts. The table below details the impact on the post- tax profit of the Group and the Company (no impact on equity).

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
<i>Foreign denominated variable rates</i>				
Interest rates- decrease by 200 basis point	(2,808,238)	(2,887,831)	(2,599,935)	(2,876,167)
Interest rates- Increase by 200 basis point	2,808,238	2,887,831	2,599,935	2,876,167

Sensitivity of interest rates for financial assets

The Group is exposed to cash flow interest rate risk on related party loans. The table below details the impact on the post- tax profit of the Group and the Company (no impact on equity).

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
<i>Foreign denominated variable rates</i>				
Interest rates- decrease by 200 basis point	(34,795)	(31,713)	(34,795)	(31,713)
Interest rates- Increase by 200 basis point	34,795	31,713	34,795	31,713

(ii) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates. The Group is exposed to risks resulting from fluctuations in foreign currency exchange rates. A change in the value of any such foreign currency could have an effect on the Group's cash flow and future profits. The Group is exposed to exchange rate risk as a result of cash balances denominated in a currency other than the Naira. The Group is mainly exposed to USD.

The following table details the Group's sensitivity to a 21%, increase and decrease in Naira against US dollar, Euro, Great Britain's Pound (GBP), Swiss Franc (CHF) and South Africa Rand (ZAR). Management believes that a 21% movement in either direction is reasonably possible at the 31 December 2018. 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.

Below are the foreign denominated currencies the Group is exposed to;

	31 Dec 2018		31 Dec 2017	
	Average rates	Closing rates	Average rates	Closing rates
US Dollars	347.07	358.60	331.28	331.16
Euros	409.93	410.24	397.70	397.56
GBP (Great Britain Pounds)	463.36	456.61	447.66	447.50
ZAR	26.38	24.89	24.55	26.74
CHF	354.84	364.12	340.02	339.90

Foreign currency denominated balances

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
US Dollar				
Financial assets				
Cash and cash equivalents	3,904	2,940	3,619	2,257
Loan receivables	4,994	4,395	4,994	4,395
Financial liabilities				
Borrowings	(322,493)	-	(322,493)	-
Trade and other payables	(3,103)	(16,298)	(2,785)	(16,298)
Net financial (liabilities)/asset	<u>(316,698)</u>	<u>(8,963)</u>	<u>(316,665)</u>	<u>(9,646)</u>
Euro				
Financial assets				
Cash and cash equivalents	116	427	47	38
Other receivables	-	-	-	-
Financial liabilities				
Borrowings	-	-	-	-
Trade and other payables	(3,341)	(9,316)	(2,921)	(9,316)
Net financial (liabilities)/asset	<u>(3,225)</u>	<u>(8,889)</u>	<u>(2,874)</u>	<u>(9,278)</u>
GBP				
Financial assets				
Cash and cash equivalents	25	30	1	2
Financial liabilities				
Trade and other payables	(551)	(140)	(155)	(140)
Net financial (liabilities)/asset	<u>(526)</u>	<u>(110)</u>	<u>(154)</u>	<u>(138)</u>
CHF				
Financial liabilities				
Trade and other payables	(250)	(58)	(250)	(58)
	<u>(250)</u>	<u>(58)</u>	<u>(250)</u>	<u>(58)</u>
ZAR				
Financial liabilities				
Trade and other payables	(797)	(2,437)	(257)	(2,437)
	<u>(797)</u>	<u>(2,437)</u>	<u>(257)</u>	<u>(2,437)</u>

Sensitivity analysis for foreign exchange risk

The sensitivity analysis for currency rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates at the reporting date.

The sensitivity of the Group's earnings to fluctuations in USD, Euro, GBP, CHF and ZAR exchange rates is reflected by varying the exchange rates as shown below:

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
US Dollar				
Increase in exchange rate by 21%	(699,903)	(19,808)	(699,830)	(21,318)
Decrease in exchange rate by 21%	699,903	19,808	699,830	21,318
Euro				
Increase in exchange rate by 21%	(7,127)	(19,645)	(6,352)	(20,504)
Decrease in exchange rate by 21%	7,127	19,645	6,352	20,504
GBP				
Increase in exchange rate by 21%	(1,162)	(243)	(340)	(305)
Decrease in exchange rate by 21%	1,162	243	340	305

CHF				
Increase in exchange rate by 21%	(553)	(128)	(553)	(128)
Decrease in exchange rate by 21%	553	128	553	128
ZAR				
Increase in exchange rate by 21%	(1,761)	(5,386)	(568)	(5,386)
Decrease in exchange rate by 21%	1,761	5,386	568	5,386

4.2 Capital management

4.2.1 Risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as the sum of all equity components on the statement of financial position plus net debt.

The gearing ratios at 31 December 2018 and 31 December 2017 were as follows:

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Total borrowings	301,488,004	287,628,740	266,939,807	270,663,116
Less: Cash and cash equivalents excluding bank overdrafts	12,550,697	50,414,757	10,177,776	41,698,854
Net debt	288,937,307	237,213,983	256,762,031	228,964,262
Total equity	134,541,089	130,574,345	255,743,725	77,843,339
Total capital	423,478,396	367,788,328	512,505,756	306,807,601
Gearing ratio	2.15	1.82	1.00	2.94

4.3 Fair value

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable input reflect market data obtained from independent sources; unobservable inputs reflect the group's market assumptions.

At the reporting date, the directors believe that the book value of the financial assets and liabilities except borrowings are not materially different from the fair value.

All financial assets and liabilities are classified as level 2 except for non-deliverable futures which is classified as level 1. The book value of the trade and other receivables, financial assets, trade and other payables is expected to approximate the fair value of these financial instruments due to their short term maturities. There were no transfers between levels during the reporting period.

	Group			
	31 December 2018		31 December 2017	
	N'000 Fair value	N'000 Book Value	N'000 Fair value	N'000 Book Value
Financial Assets				
Financial Assets classified as loans and receivables				
Trade and other receivables	21,163,994	21,163,994	25,110,116	25,110,116
Financial assets (excluding non-deliverable futures)	2,276,013	2,276,013	2,163,689	2,163,689
Cash and cash equivalents	12,550,697	12,550,697	50,414,757	50,414,757
Financial Assets classified at fair value through profit or loss				
Derivative assets	95,573	95,573	640,091	640,091

Financial Liabilities

Financial liabilities classified as amortised cost

Trade and other payables**	73,918,278	73,918,278	(106,416,598)	(106,416,598)
Bank overdraft	(35,280,945)	(35,280,945)	(31,081,780)	(31,081,780)
Borrowings	(266,207,059)	(266,207,059)	(108,617,615)	(108,617,615)

Financial liabilities classified at fair value through profit or loss

Derivative liability	244,176	244,176	4,212,406	4,212,406
----------------------	---------	---------	-----------	-----------

Financial Asset

Financial Assets classified as loans and receivables

Trade and other receivables	11,167,705	11,167,705	15,930,970	15,930,970
Financial assets	1,739,739	1,739,739	1,556,738	1,556,738
Cash and cash equivalents	10,177,776	10,177,776	41,698,854	41,698,854

Financial Assets classified at fair value through profit or loss

Derivative assets	95,573	95,573	640,091	640,091
-------------------	--------	--------	---------	---------

Financial Liabilities

Financial liabilities classified at amortised cost

**Trade and other payables	44,254,829	44,254,829	(64,531,244)	(64,531,244)
Bank overdraft	(16,862,345)	(16,862,345)	(15,037,780)	(15,037,780)
Borrowings	(250,077,462)	(250,077,462)	(110,463,597)	(110,463,597)

Financial liabilities classified at fair value through profit or loss

Derivative liability	244,176	244,176	4,212,406	4,212,406
----------------------	---------	---------	-----------	-----------

** Trade and other payables exclude VAT payable, advance rent received, customer deposits and withholding tax payable as these are non financial instruments.

	Company			
	31 December 2018		31 December 2017	
	N'000 Fair value	N'000 Book Value	N'000 Fair value	N'000 Book Value
Financial Asset				
<i>Financial Assets classified as loans and receivables</i>				
Trade and other receivables	11,167,705	11,167,705	15,930,970	15,930,970
Financial assets	1,739,739	1,739,739	1,556,738	1,556,738
Cash and cash equivalents	10,177,776	10,177,776	41,698,854	41,698,854
<i>Financial Assets classified at fair value through profit or loss</i>				
Derivative assets	95,573	95,573	640,091	640,091
Financial Liabilities				
<i>Financial liabilities classified at amortised cost</i>				
**Trade and other payables	44,254,829	44,254,829	(64,531,244)	(64,531,244)
Bank overdraft	(16,862,345)	(16,862,345)	(15,037,780)	(15,037,780)
Borrowings	(250,077,462)	(250,077,462)	(110,463,597)	(110,463,597)
<i>Financial liabilities classified at fair value through profit or loss</i>				
Derivative liability	244,176	244,176	4,212,406	4,212,406

4.3.1 Fair value measurement

Group

Financial Instruments in Level 1

The fair value of financial instruments traded in active markets (quoted equity) is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The quoted market price used for financial assets held by the Company is the bid price at the reporting date. These instruments are included in level 1. There were no transfers between levels during the year.

The fair value of future and forward exchange contracts is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.

Financial Instruments in Level 2

The fair value of financial instruments that are not traded in an active market (loans and borrowings) is determined by using discounted cash flow valuation techniques. This valuation technique maximize the use of observable market data by using the market related interest rate for discounting the contractual cash flows. There are no significant unobservable inputs. There were no transfers between levels during the year. The basis of measurement has remained the same between current and prior years.

4.4 Offsetting financial assets and financial liabilities

There are no offsetting arrangements. Financial assets and liabilities are settled and disclosed on a gross basis.

5 Segment Reporting

The Board of Directors (BOD) is the chief operating decision maker who reviews the internal reporting to assess performance and allocate resources. The Directors have identified operating segments based on these internal reports. The BOD considers business from the range of product perspective.

The BOD assesses the performance of the operating segments based on a measure of total assets and liabilities, gross profit and other directly attributable expenses. These operating segments are:

Cement	Established for the business of cement production . This segment typically has three major business operations within Nigeria which are the South-West operations, the Southern Nigeria operation and the Northern Nigeria operation.
Aggregates and concrete	Established for the business of concrete and aggregates. Lafarge Ready Mix Nigeria Limited, a wholly owned subsidiary of Lafarge Africa Plc is established basically for these operations. The operations are currently in Lagos, Abuja, Port-Harcourt, and Ewekoro and is expected to spread to other states of Nigeria in the near future.
Admixtures and other products	Established for the business of admixtures and other solutions. Admixtures are chemical compounds added to concrete to modify its properties.

The segments identified meet the recognition criteria as a reportable segment under IFRS 8.

The amounts provided to the board of directors with respect to total income and expense are measured in a manner consistent with that of the financial statements. These assets are allocated based on the use of the segment and the physical location of the asset.

*Deferred tax assets and liabilities are not assessed for the purpose of segment reporting.
No revenue in excess of 10% was generated from a single customer.

5.1 Segment Information by Country - 31 December 2018

	Nigeria N'000	South Africa N'000	Total N'000
Revenue	217,813,136	90,612,320	308,425,456
Current operating Income/ (loss) **	38,336,359	(13,526,930)	24,809,429
Other Income	1,382,008	1,977	1,383,985
Other operating expenses	(1,115,728)	(192,547)	(1,308,275)
Operating profit/ (loss)	38,602,639	(13,717,500)	24,885,139
Other Information			
Capital expenditure ***	(27,088,927)	1,214,139	(25,874,788)
Capital employed	294,821,001	33,265,945	328,086,946
Statement of financial position			
Segment non-current assets	400,903,779	46,472,443	447,376,222
Segment Current Assets	64,616,671	28,743,770	93,360,441
Total assets	465,520,450	75,216,213	540,736,663
Segment non-current liabilities	164,468,123	29,077,734	193,545,857
Segment current liabilities	170,699,449	41,950,268	212,649,717
Equity	130,352,878	4,188,211	134,541,089
Total equity and liabilities	465,520,450	75,216,213	540,736,663

Segment Information by Country - 31 December 2017

	Nigeria N'000	South Africa N'000	Total N'000
Revenue	204,484,731	94,668,574	299,153,305
Current operating Income/ (loss) **	26,853,511	(21,374,030)	5,479,481

Other Income	3,956,473	113,051	4,069,524
Other operating expenses	(654,150)	(1,009,349)	(1,663,499)
Operating profit / (loss)	30,155,834	(22,270,328)	7,885,506

**This comprises gross profit, selling and marketing expenses and administrative expenses.

Other Information

Capital expenditure ***	(17,394,667)	(3,184,868)	(20,579,535)
Capital employed	206,525,641	30,547,384	237,073,025

Statement of financial position

Segment non-current assets	376,251,046	50,372,544	426,623,590
Segment Current Assets	112,255,263	38,848,594	151,103,857
Total assets	488,506,309	89,221,138	577,727,447

	Nigeria N'000	South Africa N'000	Total N'000
Segment non-current liabilities	71,102,860	8,983,410	80,086,270
Segment current liabilities	281,980,668	58,673,754	340,654,422
Equity	135,422,781	21,563,974	156,986,755
Total equity and liabilities	488,506,309	89,221,138	577,727,447

***Capital expenditure refers to acquisition of property, plant and equipment and intangible assets.

Segment Information by Product line

	External revenue		Gross revenue	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Cement	251,424,416	238,779,718	251,424,416	238,779,718
Aggregates and concrete	55,267,509	57,701,767	55,267,509	57,701,767
Others	4,904,871	5,615,248	4,904,871	5,615,248
Related party sales elimination	(3,171,340)	(2,943,428)	-	-
Total	308,425,456	299,153,305	311,596,796	302,096,733

Revenue from internal customers of N3.17 billion (2017:N2.94 billion) has been eliminated on consolidation.

	Cement N'000	Aggregate and others N'000	Total N'000
Revenue	248,253,076	60,172,380	308,425,456
Cost of sales	(234,369,149)	(4,373,437)	(238,742,586)
Other Income	1,379,896	4,089	1,383,985
Other expenses***	(45,400,012)	(856,030)	(46,256,042)
Operating Profit	(30,136,189)	54,947,002	24,810,813

**This comprises selling and marketing expenses, administrative expenses and other operating expenses

6	Revenue	Group		Company	
		31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
	Sale of goods	308,425,456	299,153,305	187,043,475	177,170,362
	The following is an analysis of revenue by product:				
	Cement	248,253,076	235,836,290	187,043,475	177,170,362
	Aggregate and concrete	55,267,509	57,701,767	-	-
	Admixtures and other products (Note 6.1)	4,904,871	5,615,248	-	-
		308,425,456	299,153,305	187,043,475	177,170,362

6.1 Admixtures and other products represent revenue earned from the sale of fly ash, ready-mix pump sales and other mineral components from South African operations.

7	Cost of sales by nature	Group		Company	
		31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
	Variable costs (Note 7.1)	152,812,744	147,447,890	81,399,223	73,342,162
	Production costs (Note 7.2)	36,645,425	37,172,050	13,393,034	14,208,201
	Maintenance costs	16,522,640	17,992,100	6,917,056	6,916,667
	Distribution costs	9,645,538	6,502,036	4,766,457	3,213,294
	Depreciation (Note 16.9)	21,649,458	21,447,285	16,265,935	15,815,377
	Impairment of property, plant and equipment (Note 16)	925,207	19,178,254	219,000	12,394,270
	Amortisation and impairment of intangible assets	494,990	392,693	2,280	-
	Prepaid medical	46,584	46,584	46,584	46,584
		238,742,586	250,178,892	123,009,569	125,936,555
7.1	Variable costs				
	Distribution variable cost	64,785,712	65,564,805	36,567,944	32,669,433
	Gas	22,242,573	22,416,223	13,947,096	16,032,661
	Power	20,066,341	20,801,914	10,072,639	11,957,412
	Raw materials and consumables	45,718,118	38,664,948	20,811,544	12,682,656
		152,812,744	147,447,890	81,399,223	73,342,162

7.2 **Production costs**
Included in the production costs are personnel expenses, by-products costs, inventory write-offs and electrical energy expenses.

8.	Selling and marketing expenses	Group		Company	
		31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
	Advertising expenses	1,146,586	97,224	1,146,586	97,224
	Campaign and innovation expenses	2,247	3,328	2,247	3,328
	Marketing Staff salaries and other staff related cost	6,583,984	4,610,577	2,742,472	2,229,688
		7,732,817	4,711,129	3,891,305	2,330,240

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
9 Administrative expenses by nature				
Salaries and other staff related costs	11,649,867	10,232,868	5,615,380	5,061,561
Directors' costs	176,004	186,421	170,344	183,534
AGM Costs	105,597	130,360	105,597	88,660
Audit fee	206,640	221,264	98,500	85,000
Community relation	99,672	340,495	82,086	103,474
Electricity	50,292	35,355	-	894
Fuel	47,438	77,079	38,800	62,478
Insurance	331,231	814,033	303,701	83,587
Advance payment of taxes and levies (Note 9.1)	2,166,775	1,381,277	2,166,775	1,381,277
Other supplies & spare parts	1,000,207	411,844	1,000,007	357,350
Rent	836,195	1,784,226	97,505	242,284
Consultancy fee	4,606,052	3,144,284	3,070,784	2,330,767
Repair and maintenance	736,773	768,292	736,565	752,612
Security Cost	414,737	298,126	388,331	226,970
Training	36,396	297,257	36,396	12,595
Travel	875,683	1,216,910	875,683	712,610
Vehicle leasing	275,177	161,814	275,177	130,830
Office and general expenses (Note 9.2)	3,548,179	6,398,230	2,458,575	1,660,425
Depreciation (Note 16.9)	638,821	733,874	103,953	488,890
Technical service fees (Note 9.4)	9,338,888	9,774,168	5,816,679	5,078,844
	<u>37,140,624</u>	<u>38,408,177</u>	<u>23,440,838</u>	<u>19,044,642</u>

9.1 Advance payment of taxes and levies

In the year 2017, the Company entered into an agreement with a state government to advance an amount not exceeding N2.8 billion annually as payments for all taxes, dues and levies payable in the state. The agreement is for a three-year period which commenced in April 2017, which effectively exempts the Company from all state and local government taxes, dues and levies during the agreed period.

In line with the agreement, the Company made an advance payment of N2.8 billion, of which N2.1 billion relates to the current financial year. N0.7million advance payment brought forward in the year has also been ammortised in the income statement in current year. These amounts have been included in the consolidated and separate statements of profit or loss and other comprehensive income as Cost of sales N0.7 billion (under Note 7.1 - Distribution variable cost) and Administrative expenses N2.1 billion (Under Note 9 – Administrative expenses).

9.2 Office and general expenses

Office and general expenses mainly relate to office expenses and stationary, legal cost, fees, subscriptions, other personnel costs, IT costs, canteen, cleaning, distribution and licenses.

9.3 Non-audit fees paid to KPMG Professional Services

The total amount of non-audit fees paid to KPMG Professional Services is N101 million. This is in respect of assurance and tax services rendered during the year.

9.4 Technical service fees

Lafarge Africa Plc has a technical service agreement with Lafarge S.A., France, a related party which relates to Industrial Franchise. This agreement has been registered with the National Office for Technology Acquisition and Promotion (NOTAP) in Nigeria and is computed as 3.5% of net sales. In addition, Ashaka Cement Plc (a subsidiary of the Group) has an industrial franchise and technical support agreement with Lafarge S.A., France, a related party. This agreement, which has been duly registered and approved by NOTAP, is computed as 2% of net sales, for a period of one year. Additionally, Lafarge South Africa Holdings (Pty) Ltd (a subsidiary of the Company) has an industrial franchise and technical support agreement with Lafarge S.A., France, a related party and is computed as 3.5% of net sales. The total technical service fees payable at year end for the Group and Company amounted to N13.6 billion and N9.04 billion (2017: N27.98 billion and N18.27 billion) respectively.

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
10 Other income				
Gain on disposal of property, plant and equipment (Note 10.1)	936,326	2,373,837	926,622	2,321,399
Government grants (Note 10.2)	110,732	160,192	110,732	160,192
Scrapped and other miscellaneous income (Note 10.3)	319,006	1,158,102	255,975	1,030,675
Write back of impairment of other receivables	15,944	-	-	-
Investment income (Note 10.4)	1,977	1,767	-	294,055
	1,383,985	3,693,898	1,293,329	3,806,321

10.1 Gain on disposal of property, plant and equipment

In the current year, this represents gain on disposal of the Company's motor vehicle across all Nigerian entities and disposal of land held by the parent Company. In prior year, this represents the gain on the disposal of the Company's property plant and equipment (Elephant Cement House Building) located in Alausa, Ikeja to Lagos State Government.

10.2 Government grants

Government grants arise from below-market interest rate government loan (CBN/BOI Intervention Fund loan) received in July 2011 and in March 2018. There are no unfulfilled conditions or contingencies attached to these grants.

10.3 Scrapped and other miscellaneous income

This comprises of the total income earned on miscellaneous activities not related to cementitious products including sale of scrap and product shortage recoveries (haulers).

10.4 Investment income

Dividends received from subsidiaries (Note 10.4.1)

Dividend received from unlisted investments (Note 10.4.2)

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Dividends received from subsidiaries (Note 10.4.1)	-	-	-	294,055
Dividend received from unlisted investments (Note 10.4.2)	1,977	1,767	-	-
	1,977	1,767	-	294,055

10.4.1 Dividend received from subsidiaries

This represents dividend received from AshakaCem.

10.4.2 Dividend received from unlisted investments

This represents dividend received by Lafarge South Africa holdings (PTY) Limited on its unlisted investments.

11 Other operating expenses

Impairment of other receivables

Write off of assets

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Impairment of other receivables	351,764	-	159,217	-
Write off of assets	956,511	800,720	304,398	383,812
	1,308,275	800,720	463,615	383,812

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
11.1 Impairment loss on trade receivables				
Impairment of trade receivables	74,326	862,779	44,835	75,741
	74,326	862,779	44,835	75,741

An impairment loss on trade receivables in the year 2017 amounting to N862.9 million and N75.7 million for Group and Company respectively was reclassified from other operating expenses to a separate line item.

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
12 Finance income and costs				
a) Interest income under the effective interest method and other finance income:				
Interest income on current accounts	798,754	1,324,165	798,754	1,047,462
Other finance income	186,191	-	186,191	-
Interest income from Short term fixed deposits	195,564	1,582	1,190	1,582
Interest on loan receivable	538,667	113,233	330,929	58,432
	1,719,176	1,438,980	1,317,064	1,107,476
b) Finance costs:				
Interest on bank overdraft	(4,543,507)	(6,642,228)	(3,478,896)	(3,548,707)
Interest on borrowings (Note 30.5)	(29,602,641)	(22,067,619)	(28,673,150)	(24,782,932)
Unwinding of discount on provisions (Note 31.1)	(456,084)	(182,154)	(250,272)	(118,412)
Interest cost on employee's long service award (Note 33.1)	(236,308)	(167,137)	(161,322)	(127,147)
Interest cost on staff gratuities (Note 33.2)	(367,897)	(372,786)	(76,512)	(108,529)
Bank charges	(2,320,239)	(309,069)	(2,250,068)	(270,874)
Finance costs per statement of cash flows	(37,526,676)	(29,740,993)	(34,890,220)	(28,956,601)
Foreign exchange loss (net)	(8,446,386)	(13,475,507)	(8,147,195)	(12,342,523)
Finance costs	(45,973,062)	(43,216,500)	(43,037,415)	(41,299,124)
Net finance (costs)/ income recognised in the profit or loss	(44,253,886)	(41,777,520)	(41,720,351)	(40,191,648)

Bank charges represent Letter of credit charges, Over-the-counter (OTC) charges for non deliverable futures and other bank account operational charges.

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
c) Interest received per statement of cash flows				
Finance income per profit or loss	1,719,176	1,438,980	1,317,064	1,107,476
Interest receivable	(538,667)	(58,457)	(330,929)	(58,431)
Interest received per statement of cash flows	1,180,509	1,380,523	986,135	1,049,045
d) Interest paid per statement of cash flows				
Finance costs per profit or loss	(45,973,062)	(43,216,500)	(43,037,415)	(41,299,124)
Interest payable/(receivable)	(832,488)	5,320,751	607,825	9,862,952
Non-cash interest charged to profit or loss	1,060,289	722,077	488,106	354,088
Foreign exchange loss (net)	8,446,386	13,475,507	8,147,195	12,342,523
Interest paid per statement of cash flows	(37,298,875)	(23,698,165)	(33,794,289)	(18,739,561)

13 Impairment loss on investment in subsidiaries

Impairment loss on investments in subsidiaries relate to impairment charge of N3.2 billion on the Company's investment in Lafarge South Africa Holdings Limited. No impairment loss has been recorded in the group. See Note 18.1.1 for further details.

14 Income tax (credit)/ expense

This note provides an analysis of the Group and Company's income tax expense. It shows what amounts are recognised directly in equity and how the tax expense is affected by non-assessable and non-deductible items. It also explains significant estimates made, if any, in relation to the Group and Company's tax position.

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
14.1 Minimum tax charge recognised in profit or loss	-	287,672	-	287,672

14.2 Income tax (credit)/ expense recognised in profit or loss

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Current taxation				
Company income tax	1,153,091	1,387,188	-	-
Education tax	113,278	935,459	-	821,406
Prior year over provision	-	16,228	-	-
Capital gains tax	84,876	116,326	84,876	116,326
Total current tax expense	1,351,245	2,455,201	84,876	937,732
Deferred taxation				
Deferred income tax (credit)/expense to profit or loss (Note 14.8)	(12,057,747)	(2,173,741)	(11,635,223)	4,900,031
Income tax (credit)/expense	(10,706,502)	281,460	(11,550,347)	5,837,763
Income tax (credit)/ expense	(10,706,502)	281,460	(11,550,347)	5,837,763

The Company's operating results when adjusted for tax purposes, resulted in a nil assessable income and a nil taxable income. Accordingly, in current year, no provision has been made for Company Income tax and tertiary education tax.

14.3 Reconciliation of effective tax to statutory tax

The tax on the Company's loss before income tax differs from the amount that would arise using the statutory income tax rate as follows:

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Loss before tax from continuing operations before income tax credit/(expense)	(19,508,228)	(34,032,277)	(7,408,583)	(7,098,191)
Tax calculated at statutory tax rate of 32%, 28% for LSAH	(5,852,468)	(9,919,899)	(2,222,575)	(2,271,421)
Impact of disallowable expenses for tax purpose	817,944	8,815,663	1,393,836	6,636,055
Impact of non taxable income	(639,595)	(1,049,072)	(575,209)	(1,182,119)
Changes in estimate relating to prior year	(71,020)	460,719	(17,700)	681,199
Impact of education tax rule	113,278	-	-	-
Impact of unrecognised tax losses	917,053	-	-	-
Effect of tax exemption - Netherlands	-	(4,848,359)	-	(4,848,359)
Effect of pioneer status (Note 14.8.1)	(6,245,575)	-	(6,245,575)	-
Recognition of previously unrecognised deductible temporary differences (Note 14.8.2)	(181,697)	-	(3,968,000)	-
Impact of capital gains tax	84,876	116,326	84,876	116,326
Share of profit of equity accounted investees	-	35,915	-	35,915
Impact of changes in pioneer status	-	6,670,167	-	6,670,167
Effect of lower tax rates in South Africa	350,702	-	-	-
Income tax (credit)/expense recognised in profit or loss	(10,706,502)	281,460	(11,550,347)	5,837,763
Effective tax rate	55%	-1%	156%	-82%

14.4 Income tax recognised in other comprehensive income

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Deferred tax arising on: Remeasurement of defined benefit obligation	(54,401)	(96,854)	(17,700)	(58,384)

14.5 Current tax asset

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
At 1 January	917,797	487,279	-	-
Charge for the year				
Company income tax	(309,334)	(209,878)	-	-
Prior year over-provision	-	(16,228)	-	-
Charge for the year	(309,334)	(226,106)	-	-
Payments during the year	83,836	203,127	-	-
Exchange rate difference	(34,008)	453,497	-	-
At 31 December	658,291	917,797	-	-

14.6 Current tax liabilities

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Balance at 1 January	3,251,525	1,311,906	1,544,949	363,625
Transfer through internal merger	-	-	-	271,163
Charge for the year:				
Company income tax	841,754	1,177,335	-	-
Education tax	113,278	935,459	-	821,406
Capital gains tax	84,876	116,326	84,876	116,326
Minimum tax	-	287,672	-	287,672
Reclassification to non-income tax liabilities	(1,287,527)	-	(841,319)	-
	3,003,906	3,828,698	788,506	1,860,192
Payment during the year	(1,803,650)	(568,930)	(587,307)	(307,000)
Withholding tax utilised	(44,025)	(8,243)	-	(8,243)
At 31 December	1,156,231	3,251,525	201,199	1,544,949

14.7 In the statement of cash flows, Income taxes paid comprise:

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Current income tax asset paid (Note 14.5)	(83,836)	(203,127)	-	-
Current income tax liabilities paid (Note 14.6)	(1,803,650)	(568,930)	(587,307)	(307,000)
Total current income taxes paid	(1,887,486)	(772,057)	(587,307)	(307,000)

14.8 Deferred taxation

The analysis of deferred tax assets/(liabilities) is as follows:

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Deferred tax assets	28,720,032	17,514,432	27,950,907	16,333,384
Deferred tax liabilities	(10,200,112)	(11,025,943)	-	-
Deferred tax assets net	18,519,920	6,488,489	27,950,907	16,333,384

Group

Deferred tax liabilities/(assets):

	At 1 January 2018 N'000	(Credit)/ charge to P/L N'000	(Credit)/ charge to OCI N'000	Exchange rate differences N'000	At 31 December 2018 N'000
Property, plant and equipment	24,725,234	(5,011,254)	-	(746,346)	18,967,634
Provisions and other liabilities	(6,407,725)	(3,041,388)	-	124,735	(9,324,378)
Unutilised tax losses	(19,038,136)	(5,066,123)	-	527,722	(23,576,537)
Employment benefit obligation	(131,065)	176,953	54,401	66,931	167,220
Prepayments	83,776	(82,649)	-	(1,127)	-
Unrealised exchange differences	(5,720,573)	966,714	-	-	(4,753,859)
Total deferred tax (assets)/liabilities	(6,488,489)	(12,057,747)	54,401	(28,085)	(18,519,920)

Deferred tax liabilities/(assets):

	At 1 January 2017 N'000	(Credit)/ charge to P/L N'000	(Credit)/ charge to OCI N'000	Exchange rate differences N'000	At 31 December 2017 N'000
Property, plant and equipment	19,524,049	(455,042)	-	5,656,227	24,725,234
Provisions and other liabilities	(5,445,108)	389,449	-	(1,352,066)	(6,407,725)
Unutilised tax losses	(2,567,337)	(15,333,984)	-	(1,136,815)	(19,038,136)
Employment benefit obligation	(211,050)	(41,987)	96,854	25,118	(131,065)
Prepayments	38,737	8,102	-	36,937	83,776
Unrealised exchange differences	(18,980,294)	13,259,721	-	-	(5,720,573)
Total deferred tax (assets)/liabilities	(7,641,003)	(2,173,741)	96,854	3,229,401	(6,488,489)

Company

Deferred tax liabilities/(assets):

	At 1 January 2018 N'000	Arising from reorganisation N'000	(Credit)/ charge to P/L N'000	(Credit)/ charge to OCI N'000	At 31 December 2018 N'000
Property, plant and equipment	3,756,535	-	(5,193,802)	-	(1,437,267)
Unutilised tax losses	(11,684,826)	-	(4,088,947)	-	(15,773,773)
Provisions and other liabilities	(2,699,231)	-	(3,082,116)	-	(5,781,347)
Unrealised exchange differences	5,511,209	-	552,689	-	(4,958,520)
Employment benefit obligation	(194,653)	-	176,953	17,700	-
Total deferred tax (assets)/liabilities	(16,333,384)	-	(11,635,223)	17,700	(27,950,907)

Deferred tax liabilities/(assets):

	At 1 January 2017 N'000	Arising from reorganisation N'000	(Credit)/ charge to P/L N'000	(Credit)/ charge to OCI N'000	At 31 December 2017 N'000
Property, plant and equipment	19,400,045	(16,958,882)	1,315,372	-	3,756,535
Unutilised tax losses	(69,671)	(1,504,625)	(10,110,530)	-	(11,684,826)
Provisions and other liabilities	(1,736,816)	(1,230,691)	268,276	-	(2,699,231)
Unrealised exchange differences	581,825	(19,561,934)	13,468,900	-	(5,511,209)
Post employment benefit obligation	(144,050)	(67,000)	(41,987)	58,384	(194,653)
Total deferred tax liabilities/(assets)	18,031,333	(39,323,132)	4,900,031	58,384	(16,333,384)

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 unutilised tax losses can be utilised. The Group has unrecognised deferred tax asset of approximately N3.8 billion (2017: Nil) arising mainly from unutilised tax deductible capital allowances on property, plant and equipment and unutilised tax losses. The deferred tax asset has not been recognised in current year in the financial statements due to the uncertainties relating to the amount and timing of future taxable profits. This amount is available for offset against future income tax liabilities and can be carried forward indefinitely.

14.8.1 Pioneer status incentive

Included in the deferred tax asset is an amount of N6.2 billion arising from the pioneer tax relief granted on one of the Company's production lines in Mfamosing Plant. The Company was granted a pioneer tax status for 3 years with an effective production date from 1 January 2018 duly certified by the relevant regulatory authority via a letter dated 15 March 2019, which formed the basis of the deferred tax computation. The Company thereby recognized the resulting additional deferred tax asset of N6.2 billion in the books.

14.8.2 Road tax credit

The Company has further recognised an additional deferred tax asset of N3.2 billion arising from the cost of the Company's evacuation road impaired in prior year. The impairment expense which was previously disallowed for tax purposes has now been treated as tax deductible which resulted in the additional deferred tax asset recognised in the books. This treatment is based on a letter which the Company has obtained from the Federal Inland Revenue Service (FIRS) confirming that the cost can be treated as a tax deductible expense and amortized over a period of seven (7) years, pending a tax audit by the FIRS to verify the expense incurred by the Company as well as certification of the cost by the Federal Ministry of Power, Works and Housing.

15 Loss before minimum tax

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Loss before minimum tax is stated after charging/(crediting):	(19,508,228)	(34,032,277)	(7,408,583)	(7,098,191)
Depreciation of property, plant and equipment (Note 16)	22,288,279	22,181,159	16,369,888	16,304,267
Amortisation and impairment of intangible assets (Note 7)	494,990	392,693	2,280	-
Impairment of property, plant and equipment (Note 16)	925,207	19,178,254	219,000	12,394,270
Write off of assets (Note 11)	956,511	800,720	304,398	383,812
Directors emoluments (Note 39.7)	548,482	336,838	548,482	336,838
Audit fees (Note 9)	206,640	221,264	98,500	85,000
Technical service fees (Note 9)	9,338,888	9,774,168	5,816,679	5,078,844
Gain on disposal of PPE (Note 10)	936,326	2,373,837	926,622	2,321,399
Foreign exchange loss/(gain) (Note 12b)	8,446,386	13,475,507	8,147,195	12,342,523
Interest income on current account (Note 12a)	798,754	1,324,165	798,754	1,047,462
Impairment of investment in Subsidiaries (Note 18.1.1)	-	-	3,174,874	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
for the year ended 31 December 2018

16. Property, plant and equipment

Group	Leasehold Land N'000	Buildings N'000	Production Plant N'000	Capitalised Spares N'000	Furniture N'000	Motor Vehicles N'000	Computer Equipment N'000	Ancillary Plant & Machinery N'000	Construction Expenditure N'000	Total N'000
Cost:										
As at 1 January 2017	7,957,750	108,053,194	339,148,428	2,365,440	6,528,639	2,744,347	1,450,221	556,533	42,121,744	510,926,296
Capital expenditure	-	-	550,721	-	-	-	-	-	19,800,622	20,351,343
Construction expenditure capitalised (Note 16.1)	-	1,860,054	18,977,437	2,304,142	3,774,003	209,104	153,987	457,414	(27,736,141)	-
Reclassification	-	178,541	-	-	22,901	-	1,649	357,856	(560,947)	-
Disposals	-	(1,802,191)	(19,554)	-	(157,846)	(5,894)	(20,595)	-	-	(2,006,080)
Write-offs	-	(517,655)	(207,183)	-	(7,747)	(517,917)	(1,267)	-	-	(1,251,769)
Effect of movements in exchange rates	-	4,456,516	40,612,793	-	835,841	-	-	-	505,012	46,410,162
As at 31 December 2017	7,957,750	112,228,459	399,062,642	4,669,582	10,995,791	2,429,640	1,583,995	1,371,803	34,130,290	574,429,952
Cost:										
As at 1 January 2018	7,957,750	112,228,459	399,062,642	4,669,582	10,995,791	2,429,640	1,583,995	1,371,803	34,130,290	574,429,952
Capital expenditure	-	-	-	-	-	-	-	-	21,654,504	21,654,504
Transfer from inventory	-	-	5,362,466	1,211,285	-	-	-	-	-	6,573,751
Construction expenditure capitalised	-	5,572,794	10,635,564	592,282	341,526	2,245,276	272,634	130,057	(19,790,133)	-
Reclassification	-	-	-	-	45,562	(45,562)	-	-	-	-
Disposals	(1,110)	(9,099)	(347,503)	-	(749,297)	(198,162)	-	-	-	(1,305,171)
Write-offs	(150,182)	(492,404)	(553,146)	(87,306)	(2,657,045)	(130,996)	(785,110)	(6,161)	(458,882)	(5,321,232)
Effect of movements in exchange rates	-	(693,665)	(5,769,463)	-	(337,581)	-	-	-	72,744	(6,727,965)
As at 31 December 2018	7,806,458	116,606,085	408,390,560	6,385,843	7,638,956	4,300,196	1,071,519	1,495,699	35,608,523	589,303,839

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
for the year ended 31 December 2018

Group	Leasehold Land N'000	Buildings N'000	Production Plant N'000	Capitalised Spares N'000	Furniture N'000	Motor Vehicles N'000	Computer Equipment N'000	Ancillary Plant & Machinery N'000	Construction Expenditure N'000	Total N'000
Accumulated depreciation and impairment losses:										
As at 1 January 2017	3,674,163	17,560,487	89,508,679	1,267,225	4,763,802	2,599,559	1,055,561	256,004	-	120,685,480
Charge for the year	411,161	3,210,468	15,819,837	523,415	1,809,362	184,276	93,401	129,239	-	22,181,159
On disposals	-	(1,142,990)	(40,065)	-	(40,478)	(5,894)	(20,595)	-	-	(1,250,022)
Write-offs	-	(170,768)	(68,601)	-	(7,703)	(446,774)	(1,108)	-	-	(694,954)
Impairment loss	-	212,210	3,007,891	-	186,285	-	-	-	15,771,868	19,178,254
Effect of movements in exchange rates	-	1,519,952	19,471,713	-	(319,077)	-	-	-	5,513	20,678,101
As at 31 December 2017	4,085,324	21,189,359	127,699,454	1,790,640	6,392,191	2,331,167	1,127,259	385,243	15,777,381	180,778,018
As at 1 January 2018	4,085,324	21,189,359	127,699,454	1,790,640	6,392,191	2,331,167	1,127,259	385,243	15,777,381	180,778,018
Charge for the year	239,762	3,382,529	16,219,591	765,515	1,260,489	224,111	94,156	102,126	-	22,288,279
On disposals	-	(5,586)	(340,261)	-	(727,498)	(198,162)	-	-	-	(1,271,507)
Write-offs	(27,293)	(99,718)	(489,648)	(87,306)	(2,657,045)	(130,996)	(785,110)	(6,161)	-	(4,283,277)
Impairment loss	-	-	498,971	-	-	-	-	-	426,236	925,207
Effect of movements in exchange rates	-	(280,991)	(3,121,094)	-	(215,098)	-	-	-	(4,462)	(3,621,645)
As at 31 December 2018	4,297,793	24,185,593	140,467,013	2,468,849	4,053,039	2,226,120	436,305	481,208	16,199,155	194,815,075
Carrying amount										
As at 31 December 2018	3,508,665	92,420,492	267,923,547	3,916,994	3,585,917	2,074,076	635,214	1,014,491	19,409,368	394,488,764
At 31 December 2017	3,872,426	91,039,100	271,363,188	2,878,942	4,603,600	98,473	456,736	986,560	18,352,909	393,651,934

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
for the year ended 31 December 2018

16. Property, plant and equipment

Company	Leasehold Land N'000	Buildings N'000	Production Plant N'000	Capitalised Spares N'000	Furniture N'000	Motor Vehicles N'000	Computer Equipment N'000	Ancillary Plant & Machinery N'000	Construction Expenditure N'000	Total N'000
As at 1 January 2017	2,370,573	3,021,987	137,112,353	2,365,440	2,430,011	1,322,156	1,450,221	556,533	5,163,670	155,792,944
Capital expenditure	-	-	550,721	-	-	-	-	-	11,984,645	12,535,366
Construction expenditure capitalised	-	1,203,917	19,607,018	2,304,142	9,412	163,670	152,338	99,557	(23,540,054)	-
Internal merger through business combinations	5,436,994	74,973,776	126,621,618	-	2,352,169	897,922	119,428	-	28,144,907	238,546,814
Disposals	-	(1,802,191)	(5,388)	-	(43,737)	(5,894)	(20,595)	-	-	(1,877,805)
Write-offs	-	(517,655)	(207,183)	-	(7,747)	(517,917)	(1,267)	-	-	(1,251,769)
As at 31 December 2017	7,807,567	76,879,834	283,679,139	4,669,582	4,740,108	1,859,937	1,700,125	656,090	21,753,168	403,745,550
Cost:										
As at 1 January 2018	7,807,567	76,879,834	283,679,139	4,669,582	4,740,108	1,859,937	1,700,125	656,090	21,753,168	403,745,550
Capital expenditure	-	-	-	-	-	-	-	-	10,512,487	10,512,487
Construction expenditure capitalised	-	2,774,466	7,282,876	592,282	26,034	2,084,519	272,634	130,057	(13,162,868)	-
Transfer from Inventory	-	-	5,362,466	-	-	-	-	-	-	5,362,466
Disposals	(1,110)	(8,967)	(131,743)	-	(477,846)	(157,758)	-	-	-	(777,424)
Write-offs	-	-	(472,719)	(87,306)	(2,465,186)	(125,796)	(785,110)	(6,161)	(369,037)	(4,311,315)
As at 31 December 2018	7,806,457	79,645,333	295,720,019	5,174,558	1,823,110	3,660,902	1,187,649	779,986	18,733,750	414,531,764

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
for the year ended 31 December 2018

	Leasehold Land N'000	Buildings N'000	Production Plant N'000	Capitalised Spares N'000	Furniture N'000	Motor Vehicles N'000	Computer Equipment N'000	Ancillary Plant & Machinery N'000	Construction Expenditure N'000	Total N'000
Accumulated depreciation and impairment losses:										
As at 1 January 2017	19,171	1,033,734	34,081,776	1,267,225	2,359,612	1,102,561	1,055,561	256,004	-	41,175,644
Internal merger through business combinations	3,614,460	10,784,642	26,461,517	-	1,048,764	891,741	107,655	-	-	42,908,779
Charge for the year	400,916	2,160,386	12,747,784	523,415	81,807	171,010	89,710	129,239	-	16,304,267
Impairment loss	-	-	-	-	-	-	-	-	12,394,270	12,394,270
Disposals	-	(1,142,990)	(5,278)	-	(40,478)	(5,894)	(20,595)	-	-	(1,215,235)
Write-offs	-	(170,768)	(68,601)	-	(7,703)	(446,774)	(1,108)	-	-	(694,954)
As at 31 December 2017	4,034,547	12,665,004	73,217,198	1,790,640	3,442,002	1,712,644	1,231,223	385,243	12,394,270	110,872,771
As at 1 January 2018	4,034,547	12,665,004	73,217,198	1,790,640	3,442,002	1,712,644	1,231,223	385,243	12,394,270	110,872,771
Charge for the year	235,623	2,312,814	12,304,820	493,297	596,786	202,436	93,550	130,562	-	16,369,888
Impairment loss	-	-	219,000	-	-	-	-	-	-	219,000
Disposals	-	(5,455)	(131,056)	-	(477,846)	(157,758)	-	-	-	(772,115)
Write-offs	-	-	(466,289)	(87,306)	(2,465,186)	(125,796)	(782,774)	(6,161)	-	(3,933,512)
As at 31 December 2018	4,270,170	14,972,363	85,143,673	2,196,631	1,095,756	1,631,526	541,999	509,644	12,394,270	122,756,032
Carrying amount										
As at 31 December 2018	3,536,287	64,672,970	210,576,346	2,977,927	727,354	2,029,376	645,650	270,342	6,339,480	291,775,732
At 31 December 2017	3,773,020	64,214,830	210,461,941	2,878,942	1,298,106	147,293	468,902	270,847	9,358,898	292,872,779

16.1 Property, plants and equipment under constructions

Capitalised work in progress at the end of the year is analysed as follows;

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Buildings	167,956	3,504,585	167,956	1,856,976
Production Plant	19,196,061	14,734,316	6,155,125	7,387,913
Computer Equipment	49,670	114,008	16,399	114,009
	<u>19,413,687</u>	<u>18,352,909</u>	<u>6,339,480</u>	<u>9,358,898</u>

16.2 Reconciliation of acquisition of property, plant and equipment in the statements of cash flows:

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Acquisition of property, plant and equipment	21,654,504	20,351,343	10,512,487	12,535,366
Property, plant and equipment accrual	-	(5,072,849)	-	(2,175,311)
Reclassification from deferred revenue (Note 32)	190,047	-	-	-
Property, plant and equipment paid in the statement of cash flows	<u>21,844,551</u>	<u>15,278,494</u>	<u>10,512,487</u>	<u>10,360,055</u>

16.3 Impairment of exploration and evaluation costs

The Group recognised an impairment loss on Exploration and Evaluation cost relating to coal and limestone drilling project in AshakaCem plant. The total impairment charge of ₦426 million has been recognised as at 31 December 2018 (2017: Nil)

16.4 Impairment of property plant and equipment from mothballed sites

As a result of the restructuring and the close down of some sites in the South African operations of Lafarge Africa Plc in 2017, management has recorded an impairment of ₦279 million on assets from the mothballed sites in the current year. Total value of impaired assets written off in South Africa amounted to ₦279 million as at 31 December 2018 (2017: Nil)

16.5 Impairment of Crusher in Mfamosing plant

As at 31 December 2018, the Group has expended ₦219 million on Mfamosing crusher from Eastern Nigerian operations in Calabar. The company installed a new crusher in its Mfamosing plant, leading to the idleness of the existing crusher. The Company carried out an impairment assessment of the Crusher and an impairment charge of ₦219 million, which represents the cost of relocation and installation of the crusher at the AshakaCem Plant, has been recognised as at 31 December 2018.

16.6 Assets pledged as security

The Group has no assets pledged as security as at 31 December 2018 (2017: Negative pledge on assets amounting with NBV of N195.5 billion)

16.7 Construction work in progress and Capital commitments

For capital commitments, refer to Note 36. Construction work in progress are the Group's projects on maintaining and developing plants and the office structure

16.8 Capitalised borrowing costs

No borrowing costs were capitalised during the year (2017:Nil)

16.9 Depreciation

Depreciation for the year has been charged as follows:

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Cost of sales	21,649,458	21,447,285	16,265,935	15,815,377
Administrative expenses	638,821	733,874	103,953	488,890
	<u>22,288,279</u>	<u>22,181,159</u>	<u>16,369,888</u>	<u>16,304,267</u>

17 Intangible assets

Cost

Balance at 1 January 2017	2,914,806	-	2,914,806
Additions	228,192	-	228,192
Effect of movements in exchange rates	1,959,343	-	1,959,343
Balance at 31 December 2017	5,102,341	-	5,102,341

Balance at 1 January 2018	5,102,341	-	5,102,341
Additions	1,106,247	3,114,037	4,220,284
Effect of movements in exchange rates	(313,523)	-	(313,523)
Balance at 31 December 2018	5,895,065	3,114,037	9,009,102

Accumulated Amortisation

Balance at 1 January 2017	1,351,307	-	1,351,307
Charge for the year	166,023	-	166,023
Impairment	226,670	-	226,670
Effect of movements in exchange rates	724,015	-	724,015
Balance at 31 December 2017	2,468,015	-	2,468,015

Balance at 1 January 2018	2,468,015	-	2,468,015
Charge for the year	494,990	-	494,990
Effect of movements in exchange rates	(148,421)	-	(148,421)
Balance at 31 December 2018	2,814,584	-	2,814,584

Carrying amount
At 31 December 2018

	3,080,481	3,114,037	6,194,518
--	------------------	------------------	------------------

At 31 December 2017

	2,634,326	-	2,634,326
--	------------------	----------	------------------

Group

Intangible assets N'000	Work in progress N'000	Total N'000
2,914,806	-	2,914,806
228,192	-	228,192
1,959,343	-	1,959,343
5,102,341	-	5,102,341
5,102,341	-	5,102,341
1,106,247	3,114,037	4,220,284
(313,523)	-	(313,523)
5,895,065	3,114,037	9,009,102
1,351,307	-	1,351,307
166,023	-	166,023
226,670	-	226,670
724,015	-	724,015
2,468,015	-	2,468,015
2,468,015	-	2,468,015
494,990	-	494,990
(148,421)	-	(148,421)
2,814,584	-	2,814,584
3,080,481	3,114,037	6,194,518
2,634,326	-	2,634,326

Company

Balance at 1 January 2017	-	-	-
Additions	-	-	-
Balance at 31 December 2017	-	-	-

Balance at 1 January 2018	-	-	-
Additions	92,748	3,114,037	3,206,785
Balance at 31 December 2018	92,748	3,114,037	3,206,785

Accumulated Amortisation

Balance at 1 January 2017	-	-	-
Charge for the year	-	-	-
Balance at 31 December 2017	-	-	-
Balance at 1 January 2018	-	-	-
Charge for the year	2,280	-	2,280
Balance at 31 December 2018	2,280	-	2,280

Carrying amount
At 31 December 2018

	90,468	3,114,037	3,204,505
--	---------------	------------------	------------------

At 31 December 2017

	-	-	-
--	----------	----------	----------

Intangible assets represents mineral rights and computer software in the Group's operations. The Work in Progress in the Company's books represent the cost of computer software, (SAP), which was in development state at the end of the year. Ammortisation of intangible assets is included in Note 15.

18 Interests in other entities

18.1 Investment in subsidiaries

The Group's principal subsidiaries at 31 December 2018 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The place of incorporation is also their principal place of business.

31 December 2018		Principal activities	Place of Incorporation	Proportion %	Cost N'000
Name of entity					
Lafarge Ready Mix Nigeria Limited		Aggregate and Concrete	Nigeria	100	50,000
Lafarge South Africa Holdings (PTY) Limited (Note 18.1.1)		Building Materials	South Africa	100	114,966,665
Ashaka Cement Limited		Cement	Nigeria	100	63,896,867
Wapsila Nigeria Limited		Power Generation and Sale	Nigeria	100	10,000
					<u>178,923,532</u>

31 December 2017		Principal activities	Place of Incorporation	Proportion %	Cost N'000
Name of entity					
Lafarge Ready Mix Nigeria Limited		Aggregate and Concrete	Nigeria	100	50,000
Lafarge South Africa Holdings (PTY) Limited		Building Materials	South Africa	100	118,141,539
Ashaka Cement Limited		Cement	Nigeria	100	63,896,867
					<u>182,088,406</u>

18.1.1 Impairment of investment in LSAH

Investments in Subsidiaries is carried at cost less impairment in the accompanying separate financial statements of the Company. The cost of the Company's investment in Lafarge South Africa Holdings (LSAH), a subsidiary of the Company, was N118 billion (2017: N118 billion). LSAH was identified and assessed by management as a separate Cash Generating Unit (CGU).

LSAH has continued to incur operating losses such that the carrying value of the Company's investment in this entity materially exceeds the entity's net assets. Consequently, management performed an assessment at the end of the reporting period to determine whether the Investment in LSAH may be impaired.

Management has estimated the recoverable amount of the CGU based on its fair value less costs of disposal which was significantly higher than its value-in-use.

Management determined the fair value of the investment to be the negotiated and agreed sales price in respect of the planned disposal of the total equity interest held by the Company in LSAH to Caricement B.V., a related party within the LafargeHolcim Group, based on an agreed Term sheet between both parties (See subsequent events Note 40.3 for further details on the sales transaction).

The fair value as at 31 December 2018 has been calculated based on the sales price of USD 316,289,061 translated to Naira at the exchange rate prevailing as at the reporting date as further analysed below:

Fair Value in USD	316,289,061
Exchange Rate	364.18
Fair Value in Naira	115,186,150,235
Costs of disposal	(219,485,000)
Recoverable amount	<u>114,966,665,235</u>

The impact of fluctuations in exchange rates between the reporting date and the effective date of the transaction on the fair value is shown below:

Increase in exchange rate by 2%	2,303,723,005
Decrease in exchange rate by 2%	(2,303,723,005)

The carrying amount of the CGU exceeded the estimated recoverable amount by N3.2 billion (2017: Nil) and accordingly, the Company has recorded an impairment loss to adjust the carrying amount of its investment in subsidiary to the recoverable amount as shown below.

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Investment in LSAH (Note 18.1.1)				
Opening balance	-	-	118,141,539	118,141,539
Impairment loss (Note13)	-	-	(3,174,874)	-
Net investment in LSAH	-	-	114,966,665	118,141,539

18.2 Investment in joint ventures

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Investment in Qala (Note 18.2.1)				
Opening balance	-	16,418	-	-
Share of loss	-	(28,027)	-	-
Exchange difference in OCI	-	11,609	-	-
	-	-	-	-
Investment in CBI Ghana (Note18.2.2)				
Opening balance	-	73,133	-	73,133
Share of loss	-	(112,236)	-	(112,236)
Exchange difference in OCI	-	39,103	-	39,103
	-	-	-	-
Total interest in joint venture				
Opening balance	-	89,551	-	73,133
Share of loss	-	(140,263)	-	(112,236)
Exchange difference in OCI	-	50,712	-	39,103
	-	-	-	-

18.2.1 Investment in Qala

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 on the aggregate amount of its share of the joint venture's profit or loss and other comprehensive income is set out below:

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

	31 Dec 2018 N'000	31 Dec 2017 N'000
Current assets (including cash and cash equivalent and prepayments)	434,305	153,135
Non current assets	429,681	400,156
Current liabilities, including tax payable	(505,703)	(68,222)
Non-current liabilities	(422,831)	(481,214)
Net (liabilities)/asset (100%)	(64,548)	3,855
Group's carrying amount of the investment / share of net assets (50%)	(32,274)	1,928

	31 Dec 2018 N'000	31 Dec 2017 N'000
Summarised statement of comprehensive income of Qala Resources (pty) Limited:		
Revenue	661,470	525,988
Cost of sales	(352,743)	(562,060)
Administrative expenses	(421,427)	(311)
Other operating income	19,432	12,616
Other operating expenses	(67,254)	(1,614)
Finance income	2,542	1,875
Finance costs	(23)	(2,637)
Loss before tax	(158,003)	(26,143)
Income tax expense	27,693	(57,718)
Loss for the year	(130,310)	(83,861)
Other comprehensive income, net of tax		
Exchange differences on translation	9,284	23,218
Other comprehensive income, net of tax	9,284	23,218
Total comprehensive loss (100%)	(121,026)	(60,643)
Group's share of loss for the year (50%)	(65,155)	(41,931)
Group's share of other comprehensive loss, net of tax for the year (50%)	4,642	11,609
Total comprehensive loss (50%)	(60,513)	(30,322)
Group's unrecognised share of loss for the year	-	(13,904)
Group's recognised share of loss for the year	(65,155)	(28,027)
	(65,155)	(41,931)

The Group has recognised share of losses from its joint venture, Qala Resources, for the period against receivables from the Joint venture contributing the loss to the business. In prior year, the group did not recognise share of losses for the period that exceeds its carrying amount on the investment. The cumulative unrecognised share of loss as at 31st December 2018 is nil (2017: ₦13.9 million).

18.2.2 Investment in joint venture - 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 Group and Company's interest in CBI is accounted for using the equity method in the consolidated and separate financial statements. Information on the aggregate amount of its share of the joint venture's profit or loss and other comprehensive income is set out below:

Summarised statement of financial position of Continental Blue Investment, Ghana:

	31 Dec 2018 N'000	31 Dec 2017 N'000
Current assets (including cash and cash equivalent and prepayments)	2,253,198	1,427,375
Non current assets	14,278,044	7,826,325
Current liabilities, including tax payable	(3,377,188)	(5,357,556)
Non-current liabilities	13,937,950	(4,155,302)
Net assets (100%)	27,092,004	(259,158)
Group's carrying amount of the investment / share of net assets/(liabilities) (35%)	9,482,201	(90,705)

Summarised statement of comprehensive income of Continental Blue Investment, Ghana:

	31 Dec 2018 N'000	31 Dec 2017 N'000
Revenue	3,566,158	1,579,515
Cost of sales	(3,917,599)	(1,671,131)
Other operating income	38,888	5,147
Operating expenses	(323,773)	(407,219)
Loss before tax	(636,326)	(493,688)
Income tax expense	-	-
Loss for the year	(636,326)	(493,688)
Other comprehensive income, net of tax		
Exchange differences on translation	62,217	111,722
Other comprehensive income, net of tax	62,217	111,722
Total comprehensive loss (100%)	(574,109)	(381,966)
Share of loss for the year (35%)	(222,714)	(172,791)
Share of other comprehensive income, net of tax for the year (35%)	21,776	39,103
Total comprehensive loss (35%)	(200,937)	(133,688)
Company's unrecognised share of loss	(222,714)	(60,555)
Company's recognised share of loss	-	(112,236)
	(222,714)	(172,791)

The Company did not recognise share of losses for the period that exceeds its carrying amount on the investment. The cumulative unrecognised share of loss as at 31st December 2018 is N222.7 million. (2017: N60.6 million).

18.3 Disclosure of Entity with Non- Controlling Interest within the group

Summary of financial position and performance of Ash Resources (Pty) Ltd as at 31 December 2018 is shown below:

Name	Country of incorporation and operation	2018	2017
Ash Resources Pty Ltd	South Africa		
NCI Percentage		25.00%	0.00%
Summarised Statement of financial position			
		31 Dec 2018 N'000	31 Dec 2017 N'000
Non-current assets		1,234,267	1,426,271
Current assets		2,748,928	2,363,610
Non-current liabilities		(666,385)	(1,036,148)
Current liabilities		(1,667,374)	(2,024,031)
Net Assets		<u>1,649,436</u>	<u>729,702</u>
Net Assets attributable to NCI		412,359	-
Summarised Statement of comprehensive income			
Revenue		7,950,642	8,722,876
Profit		1,184,753	624,096
Other Comprehensive income/(loss)		36,536	15,587
Total Comprehensive Income		<u>1,221,289</u>	<u>639,683</u>
Profit allocated to NCI		296,188	-
OCI allocated to NCI		9,134	-
		<u>305,322</u>	<u>-</u>
Summarised Statement of Cash Flows			
Net cashflows from operating activities		837,465	875,201
Net cashflows from investing activities		56,129	(154,311)
Net cashflows from financing activities		(763,463)	(710,002)
Net increase or decrease in Cash and Cash equivalent		<u>130,131</u>	<u>10,888</u>

The Principal activity of the company is the processing and sale of fly ash into the local and export markets. In June 2018, the minority shareholders of Ash Resources fully repaid the loan attached to the acquisition of the shares of the company. From this date the ownership has been recognised due to the condition precedent having been met. The minority shareholders, Peotona Group Holdings, own 25% of the company.

Prior year non-controlling interest represents the interest of non-members of the Group in AshakaCem Ltd and Caricement BV in NCH as at 2017.

19 Other financial assets

Non-current:

Available for sale assets (Note 19.1)
Other financial assets (Note 19.2)

Current:

Other financial assets (Note 19.3)

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Non-current:				
Available for sale assets (Note 19.1)	166,091	11,471	-	-
Other financial assets (Note 19.2)	1,135,057	1,571,151	1,134,509	1,556,738
	<u>1,301,148</u>	<u>1,582,622</u>	<u>1,134,509</u>	<u>1,556,738</u>
Current:				
Other financial assets (Note 19.3)	1,140,956	592,538	605,230	326,635
	<u>2,442,104</u>	<u>2,175,160</u>	<u>1,739,739</u>	<u>1,883,373</u>
19.1 Available for sale assets				
	31 Dec 2018 N'000	31 Dec 2017 N'000		
Unquoted entities				
Business Partners Limited	164,697	11,124		
Pietersburg Mixed Concrete (Proprietary) Limited	1,170	267		
Rand Park Golf Club	224	80		
	<u>166,091</u>	<u>11,471</u>		

These are the Group's investments in a number of businesses across South Africa. They are owned and managed by Lafarge 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. There were therefore no gains or losses recognised in other comprehensive income.

19.2 Other financial assets - Non current

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Loan to CBI Ghana (Note 19.2.1)	1,134,509	1,370,832	1,134,509	1,370,832
Receivable from third parties	548	200,319	-	185,906
	<u>1,135,057</u>	<u>1,571,151</u>	<u>1,134,509</u>	<u>1,556,738</u>

19.2.1 Loan to CBI Ghana

Included in loan receivable from CBI Ghana is USD1.39 million loan granted by Lafarge Africa Plc 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 12Months + 11% (per annum) and the loan is expected to be repaid within a period of seven years with a moratorium period of two years from draw down date on October 6, 2016. The loan has been converted at NAFEX rate as at the reporting period. The non-current portion of the loan including interest is valued at N1.13 billion. The interest is repaid monthly.

19.3 Other financial assets - Current

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Staff loans	-	15,334	-	15,334
Short term receivables	535,726	362,406	-	96,503
Loan to CBI Ghana (Note 19.3.1)	605,230	214,798	605,230	214,798
	<u>1,140,956</u>	<u>592,538</u>	<u>605,230</u>	<u>326,635</u>

19.3.1 Loans to CBI Ghana

This represents the current portion of the USD1.39 million 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 12 Months + 11% (per annum) and the loan was expected to be repaid within a period of seven years with a moratorium period of two years commencing on October 6, 2016. The loan has been converted at NAFEX rate as at 31st December 2018. The interest is repaid monthly.

20 Derivative financial instruments

The Group/Company's derivative financial instruments arose from Non-deliverable foreign exchange forward (NDF) contracts with commercial banks that were yet to mature as at reporting date, and includes:

	Group		Company	
	31 Dec 2018 Assets N'000	31 Dec 2017 Liabilities N'000	31 Dec 2018 Assets N'000	31 Dec 2017 Liabilities N'000
Caricement B.V	95,573	244,176	135,286	4,212,406
Holderfin B.V	-	-	504,805	-
	<u>95,573</u>	<u>244,176</u>	<u>640,091</u>	<u>4,212,406</u>

	Company		Company	
	31 Dec 2018 Assets N'000	31 Dec 2017 Liabilities N'000	31 Dec 2018 Assets N'000	31 Dec 2017 Liabilities N'000
Caricement B.V	95,573	244,176	135,286	4,212,406
Holderfin B.V	-	-	504,805	-
	<u>95,573</u>	<u>244,176</u>	<u>640,091</u>	<u>4,212,406</u>

The Group/Company's derivative asset and liability represents the fair value change on Non-Deliverable Forward (NDF) contracts with the intention of hedging against exchange rate volatility of loans received from Caricement B.V which is a related party. At the end of the year, the company had a total payable of USD 315 million payable to Caricement B.V. See note 30

The full fair value of a derivative is classified as a non-current asset or liability if the remaining maturity of the derivative is more than 12 months and, as a current asset or liability, if the maturity of derivative is less than 12 months.

The fair value of the futures and forward contracts have been determined using market-related input as follows:

- * Exchange rate of N364.18/ USD (NAFEX year end rate)
- * Average discount rate of 15.51% determined based on the NIBOR and LIBOR rates.
- * The value of the forward is the discounted value of the cash flow to be obtained using the difference between the strike price and the estimated foreign exchange rate at maturity date

There are no significant unobservable inputs, thus the valuation is categorised as level 2 in the fair value hierarchy. Holding all other variables constant, a change by 100 basis point in the NIBOR, LIBOR and 1000 basis point in exchange rates will result in the following variations in the derivative assets and liabilities;

	Derivative Net Assets N'000	Derivative Net Liability N'000
Base derivative liability/asset	95,573	244,176
100 basis point increase in NIBOR Rates	8,713	-
100 basis point increase in USD LIBOR Rates	(10,932)	-
100 basis point decrease in NIBOR Rates	(37,479)	(12,487)
100 basis point decrease in USD LIBOR Rates	11,040	-
1000 basis point increase in Exchange Rates	36,588,112	-
1000 basis point decrease in Exchange Rates	(90,994)	(27,560,708)

21	Other assets	Group		Company	
		31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
	Non current	16,671,760	20,803,113	15,073,457	14,984,747
	Current	10,594,409	15,162,092	8,661,903	10,679,505
		<u>27,266,169</u>	<u>35,965,205</u>	<u>23,735,360</u>	<u>25,664,252</u>
	Advance payment to suppliers	2,501,059	3,960,699	1,863,729	2,820,447
	Prepaid medical	-	23,293	-	23,293
	Deferred charges	9,600	16,188	9,600	16,188
	Prepayment for Gas (Note 21.1)	11,798,702	9,833,096	11,798,702	9,833,096
	Rental lease	709,244	709,244	-	-
	Prepaid rent	699,196	581,164	558,542	510,291
	Prepaid insurance	317,846	297,719	207,883	221,161
	Prepaid expenses	1,061,477	1,087,127	1,041,331	536,960
	Advance payment to transporters (Note 21.2)	5,939,989	8,538,932	5,939,989	8,538,932
	Advance payment of taxes and levies (Note 9.1)	936,676	1,052,287	936,676	1,052,287
	Letters of credit	1,573,750	7,645,483	-	-
	Long term prepayments	-	34,232	-	34,232
	Deposit for imports	1,378,908	2,077,365	1,378,908	2,077,365
	Other assets	339,722	108,376	-	-
		<u>27,266,169</u>	<u>35,965,205</u>	<u>23,735,360</u>	<u>25,664,252</u>

21.1 Prepayment for Gas

The Company has a contract with a vendor for gas supply which has a take or pay clause. The prepayment for gas relates to payment made for unutilised gas as at end of the year. The contract is for a period of 20 years from 2012 to 2032 and the company is entitled to utilise the amount prepaid anytime within the contract period with an extension of 2years after the expiration of the contract.

Subsequent to year end, an amount of N2.1billion which was in dispute with the gas vendor as at year end was settled sequel to resolution of the dispute through expert determination. If this payment had been made before the end of the year, the prepayment for gas balance would have increased to N13.9billion, this would have also led to a corresponding reduction in cash and cash equivalent by N2.1billion.

21.2 Advance payment to transporters

In 2017, the Group and Company made an advance payment of N9.1 billion naira to different transporters for the transportation of cement from its plant located in Mfamosing, Calabar to different destinations. The amount advanced is utilized on a monthly basis through the provision of haulage service by the transporters. The agreement with the various transporters span between 10 - 39 months. As at year end, the balance yet to be utilised by the Group and Company amounted to N5.9 billion (2017: N8.5 billion).

22 Inventories

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Raw materials	10,493,583	12,702,259	9,139,734	10,653,843
Work in progress	11,480,616	10,860,537	601,308	435,337
Finished goods	9,070,787	12,357,522	8,539,220	11,787,460
Spare parts	12,937,064	19,115,915	8,951,553	14,146,953
Other supplies (Note 22.1)	3,174,471	3,230,233	1,689,652	2,034,238
	47,156,521	58,266,466	28,921,467	39,057,831

The cost of inventories recognised as an expense during the year and included in 'cost of sales' was N52.7 billion (2017: N59.7 billion) and N34.7 billion (2017: N35.9 billion) for the Group and Company respectively.

Inventory write down recognised during the year was N1.3 billion (2017: N1.62 billion) and N820 million (2017: N1.12 billion) for the Group and Company respectively.

Inventory write off recognised during the year was N973 million (2017: N293 million) for the Group and Company respectively.

22.1 Other supplies

Other supplies consists of safety equipment, packaging materials and production materials.

23 Trade and other receivables

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Trade receivables:				
Third party sales	14,321,302	20,123,998	2,070,277	2,458,322
Related party sales (Note 39.4)	-	814,668	204,722	1,301,250
	14,321,302	20,938,666	2,274,999	3,759,572
Impairment on trade receivables (Note 23.3)	(764,220)	(954,963)	(149,573)	(127,621)
Net trade receivables	13,557,082	19,983,703	2,125,426	3,631,951
Other receivables	5,950,565	3,479,803	4,608,588	1,411,158
Due from related parties (Note 39.5)	1,656,347	1,646,610	4,433,691	10,887,861
	7,606,912	5,126,413	9,042,279	12,299,019
Net other receivables	7,606,912	5,126,413	9,042,279	12,299,019
Total trade and other receivables	21,163,994	25,110,116	11,167,705	15,930,970

The Group and Company's exposure to credit and foreign exchange risks related to trade and other receivables are disclosed in Note 4.

23.1 Analysis of other receivables

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Other current receivables (Note 23.2)	5,693,145	2,671,078	4,422,694	657,542
Insurance claim receivable	-	623,259	-	623,259
Staff advances	252,043	185,466	185,894	130,357
Accrued interest receivables	5,377	-	-	-
	<u>5,950,565</u>	<u>3,479,803</u>	<u>4,608,588</u>	<u>1,411,158</u>

See Note 4.1.1 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.

23.2 Other current receivables

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
WHT receivable	552,078	410,619	478,668	402,687
VAT receivable	-	1,178,297	-	-
Receivable from Registrar	-	514,713	-	254,855
Short term receivables	5,141,067	567,449	3,944,026	-
	<u>5,693,145</u>	<u>2,671,078</u>	<u>4,422,694</u>	<u>657,542</u>

23.3 Movement in impairment allowance on trade receivables

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
At 1 January	954,963	95,548	127,621	71,860
Impairment losses recognised	74,325	862,779	44,834	75,741
Impairment losses written back**	(234,758)	(43,784)	(22,882)	(43,784)
Reclassification from other receivables	-	5,078	-	23,804
Exchange difference	(30,310)	35,342	-	-
At 31 December	<u>764,220</u>	<u>954,963</u>	<u>149,573</u>	<u>127,621</u>

**Impairment losses written back relate to recoveries made during the year.

23.4 Movement in impairment on other receivables

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
At 1 January	-	23,804	-	-
Reclassification to trade receivables***	-	(23,804)	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Impairment of trade on other receivables was reclassified in the prior period to impairment of trade receivables.

24 Cash and cash equivalents

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Restricted cash (Note 24.1)	1,077,794	20,481,593	1,077,794	20,481,593
Cash in hand and at bank (Note 24.2)	11,472,903	29,933,164	9,099,982	21,217,261
Cash and cash equivalents in the statement of financial position	<u>12,550,697</u>	<u>50,414,757</u>	<u>10,177,776</u>	<u>41,698,854</u>

24.1 Restricted cash

As at year end, cash and cash equivalents comprised of restricted cash which represents unclaimed dividend amounting to N1.07 billion (2017: N1.07 billion).

Included in Cash and cash equivalents for 2017 is N19.4 billion representing proceeds from right issue of shares to minority shareholders who took up 456,830,344 rights in the Rights issue offer concluded in 2018.

The Group and Company's exposure to credit risk, interest rate risk and a sensitivity analysis for financial assets and liabilities is disclosed in Note 4.

24.2 Cash and cash equivalents in the statement of cash flows

For the purpose of cash flow statement, cash and cash equivalents comprises:

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Cash in hand and at bank	11,472,903	29,933,164	9,099,982	21,217,261
Less: bank overdrafts (Note 4.1.2a)	(35,280,945)	(31,081,780)	(16,862,345)	(15,037,780)
Cash and cash equivalents in the statement of cash flows	(23,808,042)	(1,148,616)	(7,762,363)	6,179,481

25 Share capital and Share premium

25.1 Share capital

Authorised:

20,000,000,000 ordinary shares of 50k each
(2017: 10,000,000,000 ordinary shares of 50k each)

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
	10,000,000	5,000,000	10,000,000	5,000,000

Issued and fully paid

Ordinary shares of 50k each

At 1 January 2018
Issued during the year
At 31 December 2018

At 1 January 2017
Issued during the year
At 31 December 2017

No of shares '000	Share capital N'000
5,575,776	2,787,888
3,097,653	1,548,827
8,673,429	4,336,715
5,480,734	2,740,367
95,042	47,521
5,575,776	2,787,888

Addition of shares during the year represent the allotment of shares to share capital following rights issue which commenced in 2017 and was concluded in 2018 (See note 27).

25.2 Share premium

At 1 January 2018
Issued during the year
Right issue costs
At 31 December 2018

At 1 January 2017
Issued during the year
At 31 December 2017

No of shares '000	Share premium N'000
5,575,776	222,272,108
3,097,653	130,101,427
-	(1,427,787)
8,673,429	350,945,748
5,480,734	217,528,456
95,042	4,743,652
5,575,776	222,272,108

26 Basic earnings per share

Basic earnings per share is calculated by dividing the profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding at the end of the reporting period.

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Loss/(profit) attributable to equity holders of the Company	(9,107,048)	(35,009,407)	4,141,764	(13,223,626)
Weighted average number of ordinary shares in issue (Basic)	8,673,429	5,499,834	8,673,429	5,499,834
Weighted average number of ordinary shares in issue (diluted)	8,673,429	5,547,762	8,673,429	5,547,762
Basic earnings per share (Kobo)	(105)	(637)	48	(240)
Diluted earnings per share (Kobo)	(105)	(631)	48	(238)

The effect of the right issues have been considered in computing the weighted average number of ordinary shares in issue for the diluted earnings per share.

27 Deposit for shares

In 2017, the Company launched an offer to raise ₦131.6 billion by way of a Rights Issue of 3,097,653,023 ordinary shares of 50 kobo each at ₦42.50 per share to existing shareholders on the basis of five (5) new ordinary shares for every nine (9) existing ordinary shares held. At the conclusion of the offer, the Rights Issue was 100% subscribed and the Board of Directors on 28th December, 2017 passed a resolution to approve the basis of allotment.

In the same year, LafargeHolcim Group, majority shareholder, re-organised its shareholding in the Company. Prior to this re-organisation, LafargeHolcim equity interest was held via six (6) of its subsidiaries i.e Associated International Cement UK, Financiere Lafarge SAS, Holcibel SA, Lafarge Nigeria UK Ltd, Lafarge Associated Nigeria Ltd and Lafarge Cement International BV. At the conclusion of the re-organisation via the nominal transfer window of the Nigerian Stock Exchange (NSE), the shares held by Lafarge Nigeria UK Ltd (427,453,603 units) were transferred to Associated International Cement UK while the shares held by Financiere Lafarge SAS (797,234,683 units), Holcibel S.A (454,493,279 units) and Lafarge Cement International B.V (318,145,295 units) were transferred to Caricement BV, a subsidiary company of LafargeHolcim Group.

Both Associated International Cement UK and Lafarge Associated Nigeria Ltd also traded their Rights; 431,433,751 units and 906,656,548 units respectively to Caricement BV. Including its own Rights (872,151,809 units), Caricement BV subscribed to a total of 2,210,242,107 units. Additional 430,580,572 units of shares, not taken up by the minority shareholders, was also taken up by Caricement B.V, resulting to a total of 2,640,822,679 rights taken up. Quasi-Equity loan due to Caricement B.V. was converted for the purchase of these rights in a debt-for-equity conversion amounting to ₦112.23 billion. Cash received for rights issue represents proceeds from right issue of shares to minority shareholders who took up 456,830,344 rights out of the total available rights of 3,097,653,023 at the rights issue price of ₦42.50 amounting to ₦19.42 billion.

On December 4, 2018 the Company launched a Rights Issue to raise ₦89.2 billion by way of issue of 7,434,367,256 Ordinary Shares of 0.50 Kobo each at ₦12.00 per share on the basis of six (6) new Ordinary shares for every seven (7) existing Ordinary Shares held by qualified shareholders. Approval was yet to be obtained from Securities and Exchange commission (SEC) and hence, no deposit has been recorded for the rights issue.

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Cash received for rights issue	-	19,415,289	-	19,415,289
Quasi equity loan converted for right issue	-	112,234,964	-	112,234,964
Right issue costs	-	(1,233,381)	-	(1,233,381)
	-	130,416,872	-	130,416,872

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
27.1 Reconciliation of Cash Received from rights issue				
Cash received into offer proceed account	-	19,415,289	-	19,415,289
Cash transferred from offer proceed account	19,415,289	-	19,415,289	-
Transfer to loans	(37,005)	-	(37,005)	-
Restricted Cash	-	(19,415,289)	-	(19,415,289)
	19,378,284	-	19,378,284	-
2017 Right issue paid in 2017	-	574,743	-	574,743
2017 Right issue costs paid in 2018	(853,044)	-	(853,044)	-
2018 Right issue cost	(702,384)	-	(702,384)	-
Net Cash payments for right issue	(1,555,428)	574,743	(1,555,428)	574,743

Costs incurred on the 2018 right issue project amounting to N702million has been recorded in prepayment pending the conclusion of the rights issue project and approval by securities and exchange commission (SEC).

28 Foreign currency translation reserve

This represents exchange differences arising from the recognition of investment in joint venture from Continental Blue Investment, Ghana and the translation of the financial statements of Lafarge South Africa to the Group's reporting currency which is Naira.

29 Other reserves arising on business combination and re-organisations

The other reserves arising on business combination and re-organisation is used to recognise the adjustments arising from business combination/re-organisation for entities under common control, when the pooling of interest method has been used.

30 Loans and borrowings

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Non-current	172,373,209	68,715,378	144,391,743	64,900,757
Current	93,833,850	187,831,582	105,685,719	190,724,579
Total loans and borrowings	266,207,059	256,546,960	250,077,462	255,625,336
Split into:				
Power fund (Note 30.1)	11,345,910	7,698,505	5,946,467	7,698,505
Bond (Note 30.2)	60,249,338	59,842,611	60,249,338	59,842,611
Bank Loans (Note 30.3)	53,884,892	44,275,864	53,884,893	44,275,864
Related party loan (Note 30.4)	140,411,911	144,391,559	129,996,764	143,808,356
Lafarge Gypsum S.A Pty Ltd	315,008	338,421	-	-
Total loans and borrowings	266,207,059	256,546,960	250,077,462	255,625,336

30.1 Power Fund: Lafarge Africa Plc accessed NGN12.4billion from the CBN/BOI Power and Aviation Intervention Fund through Guaranty Trust Bank (GTB). Principal and Interest are paid quarterly. The loan is secured by the assets of the Company as per Note 16. 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 in the company's books amounts to N5.9 billion which is the amortised cost to date.

In the current year, the group also assessed an additional CBN/BOI intervention fund through Zenith Bank. The loan assessed amounted to N6.4 billion. Principal repayment is expected to commence in December 2019. The facility has a 7.5years tenure and an interest rate of 9%. The outstanding balance, at amortised cost, amounts to N5.3billion.

30.2 Bond: By a resolution dated 17th March 2016, the Board of Directors resolved to raise the sum of N60 billion in two tranches of N26.38 billion and N33.61 billion at interest rate of 14.25% and 14.75% maturing in 2019 and 2021 respectively. The effective interest rate is 14.69% and 14.93% respectively. Interest is paid bi-annually and principal is repaid at end of the tenure.

30.3 Bank Loans: These represent commercial papers and short term loans from various commercial banks for 90 days received in the current year with varying maturity dates ending 2019 at interest rate of 15%-21%. In 2017, these were commercial papers due to First Bank of Nigeria with varying maturity dates ending September 2018 at interest rate of 16.53%-17.01%.

30.4 Related party loan: Intercompany loan balance is made up of USD 315 million loans received from Caricement BV in prior year together with its accumulated interest of USD 7.3 million. This amount was received at an interest rate of US 1 year Libor + 5.71% and was previously hedged with FMDQ at N387.33/dollar to be settled in 2018. In current year, USD 293 million out of this loan balance was converted to a long term loan with a tenure of 7 years and an interest rate of US 1 year Libor + 6.3%. The cumulative accrued interest on the long term portion of the loan amounts to USD 7.3million.

The remaining USD 22million of the loan balance has been retained as a short term loan, payable on demand at an interest rate of US 1 year Libor + 5.71. The cumulative interest on short term portion of the loan amounts to USD 20,236 as at year end. The Non Deliverable Future (NDF) on the loan has been hedged with FMDQ and will be settled at N365.3/dollar.

30.5 Movement in loans and borrowings

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
At 1 January	256,546,960	104,709,619	255,625,336	106,380,681
Transfer through business re-organisation	-	-	-	2,781,482
Additions:	-	-	-	-
Loan received	99,712,346	195,099,306	81,266,692	187,310,535
	356,259,306	299,808,925	336,892,028	296,472,698
Interest expensed	29,602,641	22,067,619	28,673,150	24,782,932
Interest paid	(30,435,129)	(16,746,868)	(28,065,325)	(14,919,980)
Principal repaid	(87,925,710)	(138,981,397)	(88,528,977)	(138,646,769)
Conversion of Quasi-equity	-	199,453,879	-	199,453,879
Reclassification (Note 32)	(1,536,599)	(1,698,932)	-	(1,250,365)
Converted for Right Issue (Note 27)	-	(112,234,964)	-	(112,234,964)
Exchange (gain) / loss	242,550	4,878,698	1,106,586	1,967,905
At 31 December	266,207,059	256,546,960	250,077,462	255,625,336
Less than one year	114,252,584	147,391,414	103,322,047	146,808,210
Between one and two years	38,086,589	103,308,150	36,713,209	103,308,151
Between two to five years	4,694,750	5,847,396	869,071	5,508,975
After five years	109,173,136	-	109,173,135	-
	266,207,059	256,546,960	250,077,462	255,625,336

31 Provisions

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Non current (Note 31.1)	3,645,751	3,472,388	618,970	909,320
Current (Note 31.2)	1,281,247	1,166,217	845,328	895,268
	4,926,998	4,638,605	1,464,298	1,804,588

31.1 Non current Site restoration cost

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
At 1 January	3,472,388	2,200,640	909,320	563,468
Transfer through business re-organisation	-	-	-	104,053
Provision made during the year	468,368	297,192	26,034	311,000
Utilised	(97,965)	(14,470)	(45,733)	-
Change in estimate	(669,948)	(390,479)	(520,923)	(187,613)
Reclassification	126,429	(40,753)	-	-
Unwinding of discount (Note12(b))	456,084	182,154	250,272	118,412
Exchange difference	(109,605)	1,238,104	-	-
At 31 December	3,645,751	3,472,388	618,970	909,320

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 provision is an estimate based on reclamation closure expert valuation and management's re-assessment. The cost would be unwound for a period of 5-15 years for the Group and Company. The long term inflation and discount rates used in the estimate for Nigerian entities was 12.4% and 15.5% respectively (2017: 8.0% and 8.1%) while for South African entities the long term inflation and discount rates used was 5.5% and 6.5% respectively. (2017: 2.0% and 6.6%).

31.2 Current
Group

At 1 January 2017
Reclassification
Provision made during the year
Payment in the year
At 31 December 2017

At 1 January 2018
Reclassification
Provision made during the year
Payment in the year
At 31 December 2018

Company

At January 2017
Transfer through business re-organisation
Provision made during the year
Payment in the year
At 31 December 2017

At January 2018
Provision made during the year
Payment in the year
At 31 December 2018

Productivity bonus N'000	Total N'000
1,176,910	1,176,910
(34,544)	(34,544)
2,384,904	2,384,904
(2,361,053)	(2,361,053)
<u>1,166,217</u>	<u>1,166,217</u>
1,166,217	1,166,217
(427,126)	(427,126)
1,490,761	1,490,761
(948,605)	(948,605)
<u>1,281,247</u>	<u>1,281,247</u>

Productivity bonus N'000	Total N'000
841,526	841,526
124,479	124,479
1,989,016	1,989,016
(2,059,753)	(2,059,753)
<u>895,268</u>	<u>895,268</u>
895,268	895,268
673,400	673,400
(723,340)	(723,340)
<u>845,328</u>	<u>845,328</u>

The provision for productivity bonus is based on employee performance during the year. It is payable in the year 2019.

32 Deferred income

Non-current
Current

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Non-current	2,597,602	1,518,467	1,455,770	1,518,467
Current	315,452	110,732	110,732	110,732
	<u>2,913,054</u>	<u>1,629,199</u>	<u>1,566,502</u>	<u>1,629,199</u>

Opening balance
Transfer through business re-organisation
Addition
Impact of restructuring (Note 16.2)
Grant released to profit or loss
Closing balance

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Opening balance	1,629,199	1,789,391	1,629,199	752,600
Transfer through business re-organisation	-	-	-	1,036,791
Addition	1,536,599	-	-	-
Impact of restructuring (Note 16.2)	(190,047)	-	-	-
Grant released to profit or loss	(62,697)	(160,192)	(62,697)	(160,192)
Closing balance	<u>2,913,054</u>	<u>1,629,199</u>	<u>1,566,502</u>	<u>1,629,199</u>

The deferred revenue is as a result of the benefit received from a below-market-interest rate government loan (CBN/BOI Intervention Fund loans) disclosed in Note 30.1. The revenue is recognised in profit or loss over the useful life of the asset financed with the loan.

33 Employee benefit obligations

Defined contribution plan – Pension

The employees of the Nigerian entities (Lafarge Africa Plc, Ready Mix Nigeria Limited and Ashaka Cement Ltd) are members of a state arranged Pension scheme (Pension reform act, 2014) regulated 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 facilitates 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.

Defined benefits plan - Gratuity

At 31 December 2015, the Group discontinued the gratuity scheme for all qualifying staff except for the South African operations.

Lafarge South Africa Holdings (Pty) Limited

The entity provides for health care and gratuity benefits of retired employees and their eligible dependents. 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 over the employees' working lives. The actuarial valuations of the present value of the defined benefit obligation were carried out at 31 December 2018 by Aon Hewitt Limited.

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 60 years 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 accrued as from 31 December 2015. Subsequent to the discontinuation of the scheme, the remaining liability was reclassified to other payables in Note 34. The actuarial valuations of the present value of the defined benefit obligation were carried out at 31 December 2018 by EY (FRC registration number:000000000738). The present value of the defined benefit obligation, and the related current service cost, were measured using the Projected Unit Credit Method.

Below are the details of movements and amounts recognised in the financial statements:

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Non current				
Employee long service award scheme (Note 33.1)	1,412,777	1,350,849	1,137,419	1,008,443
Staff gratuities (Note 33.2)	3,316,406	3,566,082	473,992	608,290
	<u>4,729,183</u>	<u>4,916,931</u>	<u>1,611,411</u>	<u>1,616,733</u>

33.1 Employee long service award scheme

The amount arising from the Group and Company's obligations in respect of its employee long service award schemes is as follows:

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Opening balance	1,350,849	1,157,953	1,008,443	741,775
Transfer through business re-organisation	-	-	-	143,183
Service cost	165,387	148,514	132,043	120,174
Interest cost (Note12b)	236,308	167,137	161,322	127,147
Total amount recognised in profit or loss	<u>401,695</u>	<u>315,651</u>	<u>293,365</u>	<u>247,321</u>

Employee long service award scheme (cont'd)

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Remeasurements:				
Plan amendment	(56,551)	-	-	-
Loss from change in assumptions	(126,611)	64,265	(108,186)	45,635
Experience adjustment gains	27,868	(70,138)	17,338	(52,589)
Total amount recognised in profit or loss	(155,294)	(5,873)	(90,848)	(6,954)
Benefits paid	(184,473)	(116,882)	(73,541)	(116,882)
Closing balance	1,412,777	1,350,849	1,137,419	1,008,443

Key assumptions

The key actuarial assumptions used for the purpose of the actuarial valuation are as follows:

Below are key assumptions for Nigerian entities:

Financial assumptions

Discount rate- per annum (p.a)
Inflation rate
Salary inflation (p.a)
Benefit escalation rate
Normal retirement age

	Comp	
	31 Dec 2018	31 Dec 2017
Discount rate- per annum (p.a)	15.0%	14.0%
Inflation rate	12.0%	12.0%
Salary inflation (p.a)	14.0%	14.0%
Benefit escalation rate	6.0%	6.0%
Normal retirement age	60 years	60 years

There was no long service award scheme for Lafarge South Africa PTY.

A quantitative sensitivity analysis for significant assumptions as at 31 December is as shown below:

Sensitivity analysis for the Company

Base
Discount rate
0.5% increase
0.5% decrease
Salary increase rate
0.5% increase
0.5% decrease
Benefit escalation rate
0.5% increase
0.5% decrease
Mortality experience
Age rated up by 1 year
Age rated down by 1 year

	31 Dec 2018 N'000	31 Dec 2017 N'000
Base	1,136,334	1,008,443
Discount rate		
0.5% increase	1,097,788	971,975
0.5% decrease	1,177,194	1,047,194
Salary increase rate		
0.5% increase	1,177,767	1,046,842
0.5% decrease	1,096,981	972,048
Benefit escalation rate		
0.5% increase	1,137,500	1,009,758
0.5% decrease	1,135,195	1,007,160
Mortality experience		
Age rated up by 1 year	1,131,677	1,004,194
Age rated down by 1 year	1,140,535	1,012,275

Sensitivity analysis for the Group

Base
Discount rate
0.5% increase
0.5% decrease
Salary increase rate
0.5% increase
0.5% decrease
Benefit escalation rate
0.5% increase
0.5% decrease
Mortality experience
Age rated up by 1 year
Age rated down by 1 year

	31 Dec 2018 N'000	31 Dec 2017 N'000
Base	1,370,233	1,350,849
Discount rate		
0.5% increase	1,325,052	1,234,820
0.5% decrease	1,418,061	1,399,692
Salary increase rate		
0.5% increase	1,418,428	1,398,655
0.5% decrease	1,324,399	1,305,482
Benefit escalation rate		
0.5% increase	1,371,806	1,352,917
0.5% decrease	1,368,694	1,348,829
Mortality experience		
Age rated up by 1 year	1,364,564	1,345,262
Age rated down by 1 year	1,375,350	1,355,892

The weighted average liability duration for the Plan is 8.24 years. The average weighted duration of the longest Nigerian Government bond as at 20th December 2018 was 5.91 years with a gross redemption yield of 15.54%.

33.2 Staff gratuities

The amount arising from the Group's obligations in respect of its staff gratuities is as follows:

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Opening balance	3,566,082	2,622,209	608,290	838,532
Transfer through business re-organisation	-	-	-	223,330
Service cost	(52,031)	38,642	(85,810)	-
Interest cost	367,897	372,786	76,512	108,529
Plan amendment	173,844	110,647	-	-
Curtailment (gains) / losses	(88,188)	(102,496)	-	-
Total amount recognised in profit or loss	401,522	419,579	(9,298)	108,529
Remeasurement:				
Gain/(loss) from change in assumptions	(202,440)	23,334	(16,989)	23,334
Experience adjustment loss/(gain)	16,049	(343,091)	(38,325)	(205,783)
Total amount recognised in other comprehensive income	(186,391)	(319,757)	(55,314)	(182,449)
Benefits paid (Note 35.1.6)	(208,876)	(505,682)	(69,686)	(333,832)
Benefits payable**	-	(45,820)	-	(45,820)
Exchange difference	(255,931)	1,395,553	-	-
Closing balance	3,316,406	3,566,082	473,992	608,290

** This relates to benefits payable to employees who met the vesting conditions of 10 years in service and 50 years of age as at year end but were settled subsequent to year end. This amount was reclassified to other payables as at the end of 2017.

The significant actuarial assumptions were as follows:

Below are key assumptions for Nigerian entities:

Financial assumptions

Average rate of inflation (p.a)	0.12
Discount rate	0.15
Average pay increase	-
Normal retirement age	60 years

	31 Dec 2018	31 Dec 2017
Average rate of inflation (p.a)	0.12	0.12
Discount rate	0.15	0.14
Average pay increase	-	-
Normal retirement age	60 years	60 years

Below are key assumptions for Lafarge South Africa PTY:

Financial assumptions

Discount rate- per annum (p.a)	9.7%
Inflation rate	5.9%
Salary inflation (p.a)	7.4%
Net discount rate	2.2%
Normal retirement age	63 years

	31 Dec 2018	31 Dec 2017
Discount rate- per annum (p.a)	9.7%	9.1%
Inflation rate	5.9%	5.8%
Salary inflation (p.a)	7.4%	7.3%
Net discount rate	2.2%	1.8%
Normal retirement age	63 years	63 years

- i) The rates of mortality assumed for employees are the rates published in the A67/70 Ultimate Tables, published jointly by the Institute and Faculty of Actuaries in the UK.

Age	Number of deaths in year In the year out of 10,000 lives.
25	7
30	7
35	9
40	14
45	26

Through its defined benefit plans (pension scheme) the Group is exposed to asset volatility risk and mortality risk.

ii) Withdrawal from Service

Age band	Rate
Less than or equal to 30	0.04
31 - 39	0.03
40 - 44	1%
45 - 54	1%
55 - 59	0%

iii) A quantitative sensitivity analysis for significant assumptions as at 31 December is as shown below:

Sensitivity analysis for the Company

	31 Dec 2018 N'000	31 Dec 2017 N'000
Base	455,703	590,001
Discount rate:		
0.5% increase	447,636	578,119
0.5% decrease	464,051	602,337
Mortality experience:		
Age rated up by 1 year	454,907	588,970
Age rated down by 1 year	456,416	590,921

The weighted average liability duration for the Plan is 4.63 years. The average weighted duration of the longest Nigerian Government bond as at 20th December 2018 was 5.91 years with a gross redemption yield of 15.54%.

The discount rate for the South African entities is set with reference to yields obtained from the zero coupon yield curve published by the Bond Exchange, converted to annual effective rates, given that the high quality Corporate Bond market in South Africa is not very deep. The duration of the arrangement is around 7 years.

Sensitivity analysis for the Group

	31 Dec 2018 N'000	31 Dec 2017 N'000
Base	542,138	689,233
Discount rate:		
0.5% increase	530,214	674,463
0.5% decrease	554,676	704,591
Mortality experience:		
Age rated up by 1 year	454,907	588,970
Age rated down by 1 year	456,416	590,921

The weighted average liability duration for the Plan is 3.6 years. The average weighted duration of the longest Nigerian Government bond as at 20th December 2018 was 5.91 years with a gross redemption yield of 15.54%.

Expected contribution to post-employment benefit plans for the year ending 31 December 2018 is N86 million.

34 Trade and other payables

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Trade payables	29,289,814	40,149,875	15,027,354	19,777,538
Related party - technical service fee (Note 34.1, 39.4)	13,560,223	27,981,758	9,039,281	18,273,023
	42,850,037	68,131,633	24,066,635	38,050,561
Other payables:				
Customers' deposits	3,639,077	3,804,619	3,209,782	2,750,491
Related companies (Note 39.5)	7,927,401	10,264,271	5,561,294	7,226,888
Withholding tax payable	1,155,829	1,185,171	770,600	1,071,661
Value added tax payable	1,824,632	1,592,063	1,685,967	1,574,929
Accrued interest	-	451,799	-	-

Trade payables (cont'd)

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Employee provisions and other liabilities	666,664	143,149	340,368	108,619
Rent received in advance	-	1,729	-	1,729
Professional fees	128,432	94,870	128,432	85,870
Accruals (Note 34.2)	11,279,953	20,499,103	5,103,031	13,075,698
Other payables	6,845,195	3,679,146	4,834,473	2,830,981
Dividend payable (Note 34.3)	4,220,596	3,152,627	4,220,596	3,152,627
	<u>37,687,779</u>	<u>44,868,547</u>	<u>25,854,543</u>	<u>31,879,493</u>
	<u>80,537,816</u>	<u>113,000,180</u>	<u>49,921,178</u>	<u>69,930,054</u>

34.1 LafargeHolcim Technical service fees

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.
- The Industrial Franchise Agreement has been registered with National Office for Technology Acquisition and Promotion (NOTAP) in Nigeria. It represents 2% (AshakaCem), 3.5% (Company) of net sales and 2% of profit before tax if greater than zero for technical knowhow, business support and licensing arrangement.

34.2 Accruals

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Litigation	249,815	206,820	119,142	80,043
Unbilled technical fee/ rebate	876,887	3,033,089	446,704	2,862,354
Freight/ logistics	411,638	1,235,467	411,638	1,091,895
Rent/ depot	117,961	83,291	101,669	71,322
Quarry/landed cost	582,110	589,286	469,512	403,033
Plant accruals	712,702	3,161,260	446,920	2,463,122
Power	985,609	741,750	154,906	204,882
Tax	365,362	1,129,346	365,363	1,129,347
Employee related accrual	251,479	157,081	246,511	157,082
Fuel	5,638,110	3,345,438	1,912,723	3,375,523
Others	1,088,280	6,816,275	427,943	1,237,095
	<u>11,279,953</u>	<u>20,499,103</u>	<u>5,103,031</u>	<u>13,075,698</u>

34.3 Dividend payable

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
At 1 January	3,152,627	13,459,412	3,152,627	13,459,412
Dividend declared	13,010,143	5,754,771	13,010,143	5,754,771
Payment to the equity holders of the parent	(11,845,272)	(16,280,825)	(11,845,272)	(16,280,825)
Return to registrar	(219,269)	-	(219,269)	-
Dividend to be (paid to)/refunded by registrars	122,367	219,269	122,367	219,269
At 31 December	<u>4,220,596</u>	<u>3,152,627</u>	<u>4,220,596</u>	<u>3,152,627</u>

The balance on dividend payable is due to Lafarge Associated Nigeria Limited and other local shareholders for the years 2015, 2016 and 2017

34.4 Dividend paid	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
The following dividend were approved by the shareholders and subsequently paid during the year:				
Lafarge Africa Plc	11,845,272	16,280,825	11,845,272	16,280,825
Paid to Non Controlling Interest	-	41,863	-	-
Total	11,845,272	16,322,688	11,845,272	16,280,825

35 Additional cash flow information

35.1 Working capital adjustments:

Increase in inventories
Increase in trade and other receivables
Increase in other assets
(Increase)/decrease in other financial assets
(Decrease)/increase in trade and other payables

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Increase in inventories	4,536,194	(13,285,941)	4,773,898	(6,768,259)
Increase in trade and other receivables	5,156,873	(16,140,245)	5,751,744	2,682,223
Increase in other assets	8,699,036	(13,716,514)	1,928,892	(16,986,660)
(Increase)/decrease in other financial assets	(266,944)	(840,121)	143,634	(903,810)
(Decrease)/increase in trade and other payables	(34,256,124)	307,363	(21,356,428)	(24,488,138)
	<u>(16,130,965)</u>	<u>(43,675,458)</u>	<u>(8,758,260)</u>	<u>(46,464,644)</u>

35.1.1 Reconciliation of changes in inventories included in statement of cash flows:

Movement in inventories
Reclassification to Property, plant and equipment (Note 16.2)
Movement as per cash flow

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Movement in inventories	11,109,945	-	10,136,364	-
Reclassification to Property, plant and equipment (Note 16.2)	(6,573,751)	-	(5,362,466)	-
Movement as per cash flow	4,536,194	-	4,773,898	-

35.1.2 Reconciliation of changes in trade and other receivables included in statement of cash flows:

Movement in trade and other receivables
Arising from re-organisation
Reclassification of Impairment provision on trade receivables (Note 23.3)
WHT utilised
Interest receivable
2018 Rights issue cost recorded in prepayment
Movement as per cash flow

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Movement in trade and other receivables	3,946,122	859,415	4,763,265	31,957
Arising from re-organisation	-	-	-	187,546
Reclassification of Impairment provision on trade receivables (Note 23.3)	(74,325)	(862,779)	(44,834)	(75,741)
WHT utilised	44,025	8,243	-	8,243
Interest receivable	538,667	58,457	330,929	58,431
2018 Rights issue cost recorded in prepayment	702,384	-	702,384	-
Movement as per cash flow	5,156,873	63,336	5,751,744	210,436

35.1.3 Reconciliation of changes in other assets included in statement of cash flows:

Movement in other assets
Arising from re-organisation
Movement as per cash flow

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Movement in other assets	8,699,036	-	1,928,892	-
Arising from re-organisation	-	-	-	4,842,993
Movement as per cash flow	8,699,036	-	1,928,892	4,842,993

35.1.4 Reconciliation of changes in other financial assets included in statement of cash flows:

Movement in other financial assets
Arising from re-organisation
Movement as per cash flow

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Movement in other financial assets	(266,944)	-	143,634	-
Arising from re-organisation	-	-	-	(29,975,597)
Movement as per cash flow	(266,944)	-	143,634	(29,975,597)

35.1.5 Reconciliation of changes in trade and other payables included in statement of cash flows:

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Movement in trade and other payables	(32,462,364)	(10,306,785)	(20,008,876)	(10,306,785)
Arising from re-organisation	-	-	-	(45,974,887)
Reclassification of dividend payable	(1,164,871)	10,306,785	(1,164,871)	10,306,785
Reclassification of tripartite guarantee from borrowings	-	-	-	-
Reclassification from borrowings	-	(1,698,932)	-	(1,250,365)
Unclaimed dividend from registrars	-	(1,066,304)	-	(1,066,304)
Accruals on Property plant and Equipment (Note 16)	-	(5,072,849)	-	(2,175,311)
Reclassification of benefit payable (Note 33.2)	-	(45,820)	-	(45,820)
Transaction costs accrued	-	(658,638)	-	(658,638)
Right issue cost paid during the year	658,638	-	658,638	-
Reclassification from Current income tax (Note 14.6) liabilities	(1,287,527)	-	(841,319)	-
Movement as per cash flow	<u>(34,256,124)</u>	<u>(8,542,543)</u>	<u>(21,356,428)</u>	<u>(51,171,325)</u>

35.1.6 Provisions and net movement on employee benefit

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Retirement benefit obligations - service cost	(52,031)	38,642	(85,810)	-
Retirement benefit obligations - Plan amendment/curtailment	85,656	8,151	-	-
Long service awards - Plan amendment/curtailment	(56,551)	-	-	-
Employee Long Service Award - service cost	165,387	148,514	132,043	120,174
Employee profit share scheme payment	-	-	-	-
Productivity bonus payment	(948,605)	(2,361,053)	(723,340)	(2,059,753)
Staff gratuity benefits paid (Note 33.2)	(208,876)	(505,682)	(69,686)	(333,832)
Employee Long service award benefits paid	(184,473)	(116,882)	(73,541)	(116,882)
Remeasurement (gains) / losses – Long service awards	(98,743)	(5,873)	(90,848)	(6,954)
Provision for productivity bonus for the year	1,063,635	2,384,904	673,400	1,989,016
Employee Profit Share Scheme	-	-	-	-
	<u>(234,601)</u>	<u>(409,279)</u>	<u>(237,782)</u>	<u>(408,231)</u>

35.2 In the statement of cash flows, profit on sale of property, plant and equipment (PPE) comprise:

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Proceeds on disposal	969,990	3,129,895	931,931	2,983,969
Net book value of property, plant and equipment disposed	(33,664)	(756,058)	(5,309)	(662,570)
Profit on sale of property, plant and equipment	<u>936,326</u>	<u>2,373,837</u>	<u>926,622</u>	<u>2,321,399</u>

35.3 Other non cash items

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Write offs for Property, plant and equipment	1,037,955	556,815	377,803	556,815
Gain on sale of property plant and equipment	(936,326)	(2,373,837)	(926,622)	(2,321,399)
Gain on sale of intangible assets	-	-	-	-
Impairment provision on trade receivables	74,325	862,779	44,834	75,741
Movement in site restoration cost	(173,116)	(148,510)	(540,622)	123,387
Government grants	(62,697)	(160,192)	(62,697)	(160,192)
	<u>(59,859)</u>	<u>(1,262,945)</u>	<u>(1,107,304)</u>	<u>(1,725,648)</u>

36 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 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Capital expenditure commitments				
Approved and contracted for	15,513,811	235,680	3,904,755	-
	<u>15,513,811</u>	<u>235,680</u>	<u>3,904,755</u>	<u>-</u>
Operating expenditure commitments				
Commitments for the supply of gas (Note 36.1)	120,692,031	117,356,000	119,242,031	117,356,000
Commitments for the supply of power (Note 36.2)	8,277,036	10,081,480	8,056,497	10,081,480
Commitments for advance payment of taxes (Note 36.3)	2,800,000	5,600,000	2,800,000	5,600,000
Share Holder's Guarantee (Note 36.4)	3,377,725		3,377,725	
Other commitments: Non-cancelable operating lease commitment	342,662	3,620,783	-	-
	<u>135,489,454</u>	<u>136,658,263</u>	<u>133,476,253</u>	<u>133,037,480</u>

36.1 This represents the total commitments with respect to termination payment clause on gas contracts. This amount is made up of N47.52 billion relating to gas supply contract with a vendor for the supply of gas to Mfamosing Plant, N72.15 billion relating to another gas supply contract with a vendor for the supply of gas to Ewekoro and Shagamu Plants and N1.45 billion relating to a bank guarantee to Standard Chartered Bank with respect to the Mfamosing gas contract.

36.2 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.

36.3 This represents commitment to a State Government for the advance payment of taxes and levies for the next one (1) year.

36.4 Lafarge Africa Plc provided a shareholder's guarantee to one of its investments, CBI Ghana for a construction project. The value of the guarantee is USD 9.42million and this was executed through a deed of guarantee effective on 5 February 2018 and runs up unto the project completion date.

37 Contingent liabilities

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Lafarge Africa Plc				
Various litigations and claims (Note 37.1)	224,930	1,017,483,867	224,930	1,016,788,090
Letters of credit (Note 37.2)	9,926,162	10,741,833	9,926,162	10,741,833
Lafarge South Africa Holdings Limited				
Suretyship to Standard Bank on overdraft	248,900	267,400	-	-
Utilities guarantees (Note 37.3)	880,456	732,489	-	-
Rehabilitation guarantees (Note 37.4)	2,769,868	891,271	-	-
	<u>14,050,316</u>	<u>1,030,116,860</u>	<u>10,151,092</u>	<u>1,027,529,923</u>

37.1 The Group and Company are engaged in law suits that have arisen in the normal course of business. The contingent liabilities in respect of pending litigations and other claims amounted to N225 million (2017: N1.02 trillion) for the Group and Company respectively.

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.

37.2 This represents letters of credit which have been opened but shipment of items has not been initiated and as such risks and rewards have not been transferred to the Group and Company as at year end.

37.3 The Utilities guarantees are for the benefit of various municipalities and are held with numerous financial institutions.

37.4 These guarantees are with Rand Merchant Bank Limited held on behalf of the Department of Mineral Resources.

37.5 The Group and Company are currently involved in a compliance exercise by the tax authority. The amount of the assessment has not been disclosed because management has appealed the assessment in its entirety. The appeal is due to the fact that the information used is not based on the audited financial statements. Reconciliation meetings have been scheduled with the tax authorities but no revised assessment has been issued as at the date these financial statements were approved. In the opinion of the Directors, the liabilities, if any, are not likely to be material but the amount cannot be determined with sufficient reliability.

38 Operating lease arrangements

Operating lease payments charged to income:

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Land and buildings	1,285,416	1,758,860	896,614	887,676
Plant and machinery	1,699,004	1,427,869	1,044,185	285,830
Other tangible assets	11,651,351	345,038	11,651,351	243,132
	<u>14,635,771</u>	<u>3,531,767</u>	<u>13,592,150</u>	<u>1,416,638</u>

Operating lease commitments represent rentals payable by the Group and Company for certain of its office properties, plant and machinery and other tangible assets. 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:

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Within one year	8,564,457	1,310,125	7,590,260	254,433
After one year but not more than five years	20,259,711	2,313,768	17,790,864	285,606
More than five years	1,484,466	2,089,009	451,930	-
	<u>30,308,634</u>	<u>5,712,902</u>	<u>25,833,054</u>	<u>540,039</u>

39 Related party transactions

39.1 Parent entity

The ultimate parent of the Group is LafargeHolcim, incorporated in Switzerland.

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 which is paid for under the Industrial Franchise Agreement (see Note 9.4).

39.2 Subsidiaries

Subsidiaries are set out in Note 18.1.

39.3 Transactions with related parties

The following transactions occurred with related parties during the year:

Sales of goods and services

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Lafarge Ready Mix Nigeria Limited	-	-	3,171,340	2,413,243
Lafarge Holcim Trading	1,253,532	1,020,850	1,253,532	1,020,850
Total transaction value	<u>1,253,532</u>	<u>1,020,850</u>	<u>4,424,872</u>	<u>3,434,093</u>

Purchase of goods and services

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Lafarge Holcim Trading	-	199,769	-	199,769
Lafarge Energy Solution	-	3,180,105	-	3,180,105
Total transaction value	-	3,379,874	-	3,379,874

Goods were sold to related parties during the year based on the price lists in force and terms that would be available to third parties. All other transactions were made on normal commercial terms and conditions and at market rates.

	Nature of transaction	Group		Company	
		31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Others					
AshakaCem Limited	Dividends received - Subsidiary	-	-	-	294,055
Lafarge South Africa Pty	Dividends received - Joint venture	-	1,767	-	-
Lafarge Energy Solution	Fuel	-	3,179,721	-	3,179,721
Cimenteries Du Cameroun	Employee Related	-	20,678	-	20,678
Lafarge Industries South Africa (Pty) Ltd	Employee Related	50,094	33,867	50,094	26,452
Holcim (Schweiz) Ag	Services Related	-	7,314	-	7,314
Holcim Group Services Ltd	Services Related	-	28,301	-	28,301
Lafarge Canada Inc. (West)	Services Related	-	41,875	-	41,875
Lafarge International Services Singapore Pte Ltd	Employee Related	691,043	1,030,544	691,043	1,030,544
Lafargeholcim Middle East & Africa It Service Center	IT Services	1,681,551	228,006	1,681,551	225,250
Lafarge S.A Paris	Employee related, capex	201,559	521,577	201,559	302,524
Lafarge Building Materials	Employee Related	31,199	59,174	31,199	59,175
Lafargeholcim Maroc Afrique Technical Center	Employee Related	-	122,029	-	122,029
Europe-Africa	Services Related	139,859	18,833	139,859	16,621
Lafargetechnical Center Vienna Gmbh	Services Related	-	27	-	-
Lafarge Cement Syria	Employee Related	10,040	2,416	-	-
Mbeya Cement Company Limited	Employee Related	1,320	-	1,320	-
Holcim Trading S.A.	Fuel	3,978,168	277,298	3,978,168	277,298
Lafarge Cement Egypt Sae	Payroll and other personnel recharges	(4,426)	-	-	-
Lafarge Malaysia	Services Related	-	15,145	-	15,145
Lafarge Building Materials Ltd	Employee Related	14,511	31,901	14,511	31,901
Lafarge Cementos S.A.U	Employee Related	-	4,158	-	4,158
Bamburi Cement Limited	Employee Related	(730)	-	-	-
Lafarge (Beijing) Building Materials Technical Service Co, Ltd	Employee Related	2,257	23,672	2,257	15,619
Lafarge S. A Paris	Technical Fees	5,687,341	3,251,786	5,687,341	2,816,494
Holcim Technology Ltd	Technical Fees	5,711,682	2,262,350	3,875,115	2,262,350
Holcim (Maroc) S.A.	Fuel	123,183	-	123,183	-
Holcim Group Services Ltd	Employee Related	1,080,110	-	416,058	-
Lafarge Mea Building Materials S.A.E	Employee Related	178,598	-	178,598	-
Lafarge Industries S.A. (Pty)	Employee Related	864	-	864	-
Lafarge Associated Nig Ltd	IT Services	315,250	-	315,250	-
Lafargeholcim Energy Solutions	Employee Related	(6,740)	-	(6,740)	-

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
for the year ended 31 December 2018

	Nature of transaction	Group		Company	
		31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Others					
Hima Cement Rwanda Ltd	Employee Related	1,618	-	1,618	-
Bamburi Cement Ltd	Employee Related	(2,228,436)	-	(2,228,436)	-
Lafarge Cement	Employee Related	7,909	-	7,909	-
Société Financière Immobilière Et Mobilière "Sofimo"	Employee Related	(239)	-	(239)	-
Lafarge Cameroun Cement	Employee Related	3,132	-	3,132	-
Associated International Cement Ltd	Employee Related	161,103	-	161,103	-
Lafargeholcim Building Materials (China)	Employee Related	8,053	-	-	-
Lafarge Sa (Paris) - Pay	Fuel	1,637,251	-	-	-
Lafarge Tcea	Employee Related	11,318	-	-	-
Lafarge Middle East And Africa	Employee Related	112	-	-	-
Lafarge Intern Serv Singapore	Employee Related	8,271	-	-	-
Readymix Gulf Limited	Employee cost	629	-	-	-
Lafarge Concrete Malaysia	Technical Fees	2,747	-	-	-
Bazian Cement Co Ltd	Technical Fees	(42,966)	-	-	-
Holcim (Azerbaijan) Ojsc	Payroll and other personnel recharges	(37,520)	-	-	-
Holcim (Bulgaria) Ad	Payroll and other personnel recharges	(16,649)	-	-	-
Holcim (Deutschland) Gmbh	Payroll and other personnel recharges	6,103	-	-	-
Holcim (Us) Inc.	Payroll and Personnel recharges Payments	71,175	-	-	-
Lafarge Canada (West)	Payroll and other personnel recharges	48,810	-	-	-
Lafarge Cement Egypt Sae	Payroll and other personnel recharges	(4,426)	-	-	-
Lafarge Cement Zimbabwe	Payroll and Personnel recharges	10,323	-	-	-
Lafarge International Services	Payroll and other personnel recharges	16,605	-	-	-
Lafarge Mea Building Material Sae	Payroll and other personnel recharges	(13,796)	-	-	-
Lafarge SA	Group Insurance	1,263,765	-	-	-
Lafarge Zambia Plc	Payroll and Personnel recharges	(130)	-	-	-
Lafargeholcim (Brasil) S.A.	Payroll and other personnel recharges	(42,490)	-	-	-
Lafargeholcim Mea It Services Cente	IT services	(1,902,374)	-	-	-
Lafargeholcim North America	Payroll and Personnel recharges Payments	113,710	-	-	-
Peotona Ash Resources (Pty)Ltd	Group Insurance	(1,261)	-	-	-
Associated Pan Malaysia Cement Sdn	Payroll, personnel costs recharges	(16,354)	-	-	-
Cimencam	Training	2,291	-	-	-
Hima Cement Ltd	Payroll, personnel costs recharges	(85)	-	-	-
Lafarge Cement Malawi	Payroll, personnel costs recharges	(2,128)	-	-	-
Lafarge Mea Building Materials	Payroll, personnel costs recharges	16,191	-	-	-

	Nature of transaction	Group		Company	
		31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Others					
Lafarge S. A.	Payroll, personnel costs recharges	(83,339)	-	-	-
Lafarge Zambia	Payroll, personnel costs recharges	(17,173)	-	-	-
Lafargeholcim Ltd.	Geocycle project/ Branding	16,527	-	-	-
Lafargeholcim Mea It	Payroll, personnel costs recharges	320,115	-	-	-
LH Trading Ltd	Payroll, personnel costs recharges	453	-	-	-
Mibeya Cement	Payroll, personnel costs recharges	53,441	-	-	-
Sa Technical Center Europa Africa	Payroll, personnel costs recharges	32,110	-	-	-
Holcim (ESPANIA) S. A	Services Related	-	38,381	-	38,381
Total transaction value		19,291,129	11,200,820	15,326,317	10,815,885

39.4 Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Trade receivables:				
AshakaCem Limited	-	-	-	41,286
Lafarge Holcim Trading	-	814,668	-	814,668
Lafarge Ready Mix Nigeria Limited	-	-	204,722	445,296
	<u>-</u>	<u>814,668</u>	<u>204,722</u>	<u>1,301,250</u>
Technical fees:				
Lafarge S.A Paris	11,297,873	22,778,564	6,776,931	13,069,829
Holcim Technology Ltd	2,262,350	5,203,194	2,262,350	5,203,194
	<u>13,560,223</u>	<u>27,981,758</u>	<u>9,039,281</u>	<u>18,273,023</u>

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.

39.5 Other receivables from and payables to related parties

			Group		Company	
			31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Other receivables						
AshakaCem Ltd	Subsidiary	Back end expenses.	-	-	-	5,477,031
Lafarge Ready Mix Limited	Subsidiary	Back end expenses.	-	-	4,158,766	4,602,277
Lafarge S.A.	Fellow subsidiary	Back end expenses.	-	138,059	-	-
Lafarge Cement Zimbabwe	Fellow subsidiary	Back end expenses.	-	7,434	-	-
Lafarge Cement Malawi	Fellow subsidiary	Back end expenses.	-	2,701	-	-
Hima Cement Limited	Fellow subsidiary	Back end expenses.	-	1,805	-	1,564

			Group		Company	
			31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Other receivables (cont'd)						
Mbeya cement	Fellow subsidiary	Back end expenses.	-	45,893	-	784
Lafarge service group	Fellow subsidiary	Back end expenses.	-	16,926	-	-
LafargeHolcim Energy Solutions	Fellow subsidiary	Back end expenses.	73,843	28,276	73,843	28,277
Cementia Holding AG	Fellow subsidiary	Back end expenses.	-	185,382	-	180,997
Climenteries DU Cameroun	Fellow subsidiary	Back end expenses.	-	775	-	-
Associated International Cement Ltd	Fellow subsidiary	Back end expenses.	-	3,360	-	3,360
Lafarge Cementos S.A.U	Fellow subsidiary	Back end expenses.	-	1,235	-	1,235
Lafarge Associated Nigeria Ltd	Fellow subsidiary	Back end expenses.	180,397	428,421	180,397	428,421
LafargeHolcim Middle East & Africa IT Service Center	Fellow subsidiary	Back end expenses.	1,105,680	572,603	1,641	1,463
Associated Pan Malaysia Cement Sdn Bhd	Fellow subsidiary	Back end expenses.	-	19,173	-	-
Lafarge Zambia Plc	Fellow subsidiary	Back end expenses.	-	455	-	-
Holcim Group Services Ltd	Fellow subsidiary	Back end expenses.	29,345	23,210	-	-
Lafarge MEA Building Materials S.A.E	Fellow subsidiary	Back end expenses.	24,069	170,902	-	162,452
MBEYA Cement Company Limited	Fellow subsidiary	Back end expenses.	95,428	-	-	-
CIMENTERIES DU CAMEROUN	Fellow subsidiary	Back end expenses.	2,290	-	-	-
Lafarge SA	Fellow subsidiary	Back end expenses.	45,175	-	-	-
Hima Cement Rwanda Limited	Fellow subsidiary	Back end expenses.	10,332	-	10,332	-
Lafarge Zambia Plc	Fellow subsidiary	Back end expenses.	10,781	-	8,712	-
Lafarge Services Group	Fellow subsidiary	Back end expenses.	15,761	-	-	-
LafargeHolcim Ltd	Fellow subsidiary	Back end expenses.	18,219	-	-	-
Lafarge Cement Malawi Ltd	Fellow subsidiary	Back end expenses.	373	-	-	-
Associated Pan Malaysia Cement Sdn Bhd	Fellow subsidiary	Back end expenses.	1,469	-	-	-
Hima Cement Limited Uganda	Fellow subsidiary	Back end expenses.	124	-	-	-
Technical Center Europe-Africa	Fellow subsidiary	Back end expenses.	32,108	-	-	-
LH Trading Ltd	Fellow subsidiary	Back end expenses.	4,530	-	-	-
Holcim Technology Ltd	Fellow subsidiary	Back end expenses.	5,700	-	-	-
Bamburi Cement Ltd	Fellow subsidiary	Back end expenses.	723	-	-	-
			1,656,347	1,646,610	4,433,691	10,887,861

			Group		Company	
			31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Other payables						
Lafarge S.A	Subsidiary	Back end expenses.	-	2,119,198	-	1,117,548
Holcim technology limited	Fellow subsidiary	Back end expenses.	-	2,194,428	-	2,194,428
Lafarge Cement Zimbabwe	Fellow subsidiary	Back end expenses.	-	37,330	-	-
Ashakacem Ltd	Fellow subsidiary	Back end expenses.	-		1,433,135	
Lafarge North America	Fellow subsidiary	Back end expenses.	-	113,164	-	-
Bazian Cement Co Ltd	Fellow subsidiary	Back end expenses.	-	13,637	-	-
Lafarge Beocinka Fabrika Cements	Fellow subsidiary	Back end expenses.	-	508	-	-
Lafarge Canada	Fellow subsidiary	Back end expenses.	-	55,083	-	2,646
Lafarge Cement Cameroun	Fellow subsidiary	Back end expenses.	-	40,859	-	40,859
Lafarge Malaysia	Fellow subsidiary	Back end expenses.	8,663	-	8,663	-
Holcim Group Services Ltd	Fellow subsidiary	Back end expenses.	368,664	331,458	324,555	331,458
Lafarge S.A. U	Fellow subsidiary	Back end expenses.	-	-	-	-
Lafarge Building Materials Holding	Fellow subsidiary	Back end expenses.	-	412,258	-	404,205
Lafarge MEA Building Materials S.A.E	Fellow subsidiary	Back end expenses.	101,406	357,324	74,033	336,200
Hima Cement Limited Uganda	Fellow subsidiary	Back end expenses.	-	401	-	-
Bamburi Cement Ltd	Fellow subsidiary	Back end expenses.	57,734	22,243	57,734	22,243
Holcim (Maroc) S.A.	Fellow subsidiary	Back end expenses.	7,460	64,100	7,460	64,100
Lafarge Cement Syria	Fellow subsidiary	Back end expenses.	-	10,040	-	-
Lafarge Beijing Building Materials	Fellow subsidiary	Back end expenses.	-	44,246	-	44,246
Lafarge Cement Egypt S.A.E.	Fellow subsidiary	Back end expenses.	-	3,289	-	-
Holcim Trading S.A.	Fellow subsidiary	Back end expenses.	324,287	1,767,122	324,287	1,767,122
LafargeHolcim (Brasil) S.A.	Fellow subsidiary	Back end expenses.	-	30,751	-	-
Technical Center Europe-Africa	Fellow subsidiary	Back end expenses.	134,293	196,941	134,293	191,350
Lafarge Shipping Services Limited	Fellow subsidiary	Back end expenses.	-	619	-	619
LafargeHolcim Middle East & Africa	Fellow subsidiary	Back end expenses.	4,610,636	1,788,683	1,156,813	211,611
IT Service Center	Fellow subsidiary	Back end expenses.		266,025	-	266,025
Lafarge Associated Nigeria Ltd	Fellow subsidiary	Back end expenses.		16,178	-	-
Holcim (Deutschland) GmbH	Fellow subsidiary	Back end expenses.	-	16,178	-	-
Lafarge International Services Singapore Pte Ltd	Fellow subsidiary	Back end expenses.	127,245	176,824	98,321	123,292

			Group		Company	
			31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Other payables (cont'd)						
Lafarge ReadyMix Nigeria	Fellow subsidiary	Back end expenses.	-	-	47,477	9,628
Holcim (US) Inc.	Fellow subsidiary	Back end expenses	-	69,631	-	-
Holcim Bulgaria AD	Fellow subsidiary	Back end expenses.	-	32,409	-	-
Lafarge Zambia Plc	Fellow subsidiary	Back end expenses.	-	214	-	-
Holderfin Netherland	Fellow subsidiary	Back end expenses.	-	-	-	-
Lafarge Industries South Africa (PTY) Ltd	Fellow subsidiary	Back end expenses.	60,229	99,308	60,229	99,308
Lafarge Building Materials Limited	Fellow subsidiary	Back end expenses.	46,164	-	46,164	-
Lafarge SA	Fellow subsidiary	Back end expenses	-	-	-	-
Holcim Technology Ltd	Fellow subsidiary	Back end expenses.	1,548,482	-	1,467,851	-
Lafargeholcim España, S.A.U.	Fellow subsidiary	Back end expenses.	26,960	-	26,960	-
Lafargeholcim Building Materials (China) Co., Ltd	Fellow subsidiary	Back end expenses.	11,528	-	11,528	-
LH Trading Ltd	Fellow subsidiary	Back end expenses.	208,397	-	208,397	-
Lafargeholcim Maroc	Fellow subsidiary	Back end expenses.	3,895	-	3,895	-
Lafarge Cement Technical Center Vienna Gmbh	Fellow subsidiary	Back end expenses.	2,095	-	2,095	-
Lafarge Material UK	Fellow subsidiary	Back end expenses.	57,404	-	57,404	-
Holcim Azerbaijan	Fellow subsidiary	Back end expenses.	39,700	-	-	-
Lafargeholcim Bangladesh Limited	Fellow subsidiary	Back end expenses.	20,310	-	-	-
Holcim Belgique	Fellow subsidiary	Back end expenses.	18,506	-	-	-
Holcim Bulgaria Ad	Fellow subsidiary	Back end expenses.	22,028	-	-	-
Lafargeholcim (Brasil) S.A.	Fellow subsidiary	Back end expenses.	45,773	-	-	-
Holcim (Deutschland) Gmbh	Fellow subsidiary	Back end expenses.	13,217	-	-	-
Lafarge Cement Egypt S.A.E.	Fellow subsidiary	Back end expenses.	7,193	-	-	-
Bazian Cement Co Ltd	Fellow subsidiary	Back end expenses.	47,913	-	-	-
Lafarge Beocinska Fabrika Cementa	Fellow subsidiary	Back end expenses.	946	-	-	-
Hima Cement Limited Uganda	Fellow subsidiary	Back end expenses.	423	-	-	-
Lafarge Cement Zimbabwe Ltd	Fellow subsidiary	Back end expenses.	5,526	-	-	-
Lafarge Zambia Plc	Fellow subsidiary	Back end expenses.	324	-	-	-
Wapsila Nigeria Limited	Fellow subsidiary		-	-	10,000	-
			7,927,401	10,264,271	5,561,294	7,226,888

***Back end expenses relates to charge back of employee related costs, IT services and other administrative expenses.

Other related party transactions:

Chapel Hill Denham acted as the Issuing House for the Company's rights issue in both current year and prior year. The Chief Executive Officer of the firm is Mr. Mobolaji Balogun, and he is a non-executive director and the Chairman of the Board of Directors of Lafarge Africa Plc. The amount paid to Chapel Hill partners in the current year was N165 million. (2017: N236 million). There are no outstanding amounts due to Chapel Hill Denham at the end of the year (2017: Nil).

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
39.6 Loans from related parties				
AshakaCem Ltd	-	-	12,732,554	11,103,553
Caricement B.V.	117,264,211	97,596,432	117,264,210	97,596,432
Holderffin Netherland	-	34,505,103	-	34,505,103
ReadyMix	-	-	-	603,268
Cemasco, Netherlands	23,147,700	12,290,024	-	-
	<u>140,411,911</u>	<u>144,391,559</u>	<u>129,996,764</u>	<u>143,808,356</u>

39.7 Key management personnel compensation

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Executive	-	-	-	-
Non-executive	-	26,000	-	26,000
Fees	-	26,000	-	26,000
Other allowances and expenses	548,482	310,838	548,482	310,838
Short term employee benefits	<u>548,482</u>	<u>336,838</u>	<u>548,482</u>	<u>336,838</u>
Other key management personnel				
Salaries and other short term employee benefits	1,894,996	1,702,842	1,525,518	1,702,842
Post-employment benefits	105,610	78,700	105,610	78,700
Total	<u>2,000,606</u>	<u>1,781,542</u>	<u>1,631,128</u>	<u>1,781,542</u>

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.

39.8 Directors and employees

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
Directors				
Directors' emolument comprise:				
Fees	249,614	170,662	249,614	170,662
Salaries and other emoluments	<u>289,288</u>	<u>166,176</u>	<u>289,288</u>	<u>166,176</u>
	<u>538,902</u>	<u>336,838</u>	<u>538,902</u>	<u>336,838</u>

Fees and other emoluments disclosed above include amount paid to:

	Salaries/Fees		Sitting allowance		Other benefits		Total	
	2018 N'000	2017 N'000	2018 N'000	2017 N'000	2018 N'000	2017 N'000	2018 N'000	2017 N'000
Executive Director								
Michel Puchercos	228,614	144,662	-	-	83,718	113,046	312,332	257,708
Non- Executive Directors								
Mobolaji Balogun	5,000	4,000	6,600	6,150	-	-	11,600	10,150
Adebayo Jimoh	-	2,000	1,270	6,140	70,000	-	71,270	8,140
Adebode Adefioye	4,000	2,000	6,100	6,755	-	-	10,100	8,755
Adenike Ogunlesi	4,000	2,000	4,300	5,140	-	-	8,300	7,140
Elenda Giwa- Amu	4,000	-	4,700	-	-	-	8,700	-
Jean-Carlos Angulo	-	2,000	2,300	2,550	-	-	2,300	4,550
Shamsuddeen Usman	4,000	2,000	6,400	5,740	-	-	10,400	7,740
Slyvie Rochier	-	2,000	3,100	4,450	-	-	3,100	6,450
Umaru Kwairanga	-	2,000	800	4,120	100,000	-	100,800	6,120
Guillaume Roux	-	4,000	-	9,780	-	-	-	13,780
Oludewa Edodo-Thorpe	-	2,000	-	1,555	-	-	-	3,555
Thierry Metro	-	2,000	-	750	-	-	-	2,750
	<u>249,614</u>	<u>170,662</u>	<u>35,570</u>	<u>53,130</u>	<u>253,718</u>	<u>113,046</u>	<u>538,902</u>	<u>336,838</u>

Salaries/Fees represent annual remuneration, bonus paid, long term benefits and pensions while other benefits are related to Benefits in Nigeria

Employees

The average number of employees employed during the year:

Managerial staff
Senior staff
Junior staff

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
	151	405	116	261
	1,299	1,262	905	722
	1,514	1,668	93	103
	<u>2,964</u>	<u>3,335</u>	<u>1,114</u>	<u>1,086</u>

The aggregate payroll costs:

Wages, salaries, allowances and other benefits
Pension and social benefits
Staff training

	Group		Company	
	31 Dec 2018 N'000	31 Dec 2017 N'000	31 Dec 2018 N'000	31 Dec 2017 N'000
	36,205,104	29,512,604	15,121,809	14,687,390
	837,651	2,307,089	809,531	782,940
	121,568	861,379	121,568	404,356
	<u>37,164,323</u>	<u>32,681,072</u>	<u>16,052,908</u>	<u>15,874,686</u>

The number of higher paid employees with gross emoluments within the ranges below were:

Range (N)
Up to 1,000,000
1,000,001 - 3,000,000
3,000,001 - 5,000,000
5,000,001 - 7,000,000
7,000,001 - 10,000,000
Above 10,000,000

	Group		Company	
	31 Dec 2018 Number	31 Dec 2017 Number	31 Dec 2018 Number	31 Dec 2017 Number
	38	45	2	-
	833	782	223	360
	827	416	398	343
	507	188	221	168
	285	102	114	94
	474	1,802	156	121
	<u>2,964</u>	<u>3,335</u>	<u>1,114</u>	<u>1,086</u>

40 Events after the reporting period

40.1 Rights Issue

On 4 December 2018 the Company launched a Rights Issue to raise N89.2 billion by way of issue of 7,434,367,256 Ordinary Shares of 50 Kobo each at N12 per share on the basis of 6 new Ordinary shares for every 7 Ordinary Shares held by qualified shareholders. The offer closed on January 28, 2019.

The offer at close on 28 January 2019 was fully subscribed. Subsequent to the closure of the offer, the Board of Directors at its meeting held on 15 February 2019 resolved that the Allotment Proposal presented by the Joint Issuing House mandated on the Rights Issue be approved and authorised them to submit the Allotment Proposal for clearance by the Securities and Exchange Commission (SEC). On the 8th of March 2019, SEC cleared the basis of Allotment as proposed by the Board of Directors and the Rights Issue shares were listed for trading on the floor of the Nigerian Stock Exchange on 26 March 2019.

40.2 Merger of Ready Mix with Lafarge Africa Plc

Subsequent to year end, the Company sought and obtained board approval to merge with Readymix Nigeria Ltd, a wholly owned subsidiary. The merger which is being executed in order to streamline the Group structure will be effected in 2019 with the operational integration of the entities resulting in additional synergies within the Group. The net assets of the subsidiary will be transferred to the Lafarge Africa Plc at no purchase consideration and recognised in other reserves in accordance with the Group's accounting policy.

40.3 Disposal of Subsidiary

On 24th May 2019, the board of Lafarge Africa Plc approved the disposal of the Company's investment in Lafarge South Africa Holdings (LSAH) via a planned sale of the total equity interest held by the Company in LSAH to Caricement B.V., a related party within the LafargeHolcim Group. The disposal was negotiated and the sales price was agreed at USD 316,289,061 based on an agreed Term sheet between both parties including a Fairness opinion by Messrs. PricewaterhouseCoopers, an independent expert as well as applicable regulatory approvals.

The disposal is part of the Group's decision to reorganize its structure and achieve better synergies. The Transaction is being executed in line with the Nigerian Stock Exchange Related Party Rules and is expected to be completed by 31 July 2019 after shareholders' approval at the Annual General Meeting.

40.4 Interest Waiver on Loan due to Cemasco

Subsequent to year end, on 15 May 2019 there was an amendment to a long term loan agreement effected on 18 April 2018 between the South African subsidiary of the Group and another related party within the Lafarge Holcim Group. The amendment renders the loan to be non-interest bearing and effectively waives interest accrued on the loan from inception. The Term of the loan was also amended from the original maturity date of 20 February 2021 to the revised maturity of 31 July 2019. This has been treated as non-adjusting subsequent event given that the amendment was approved and signed subsequent to the reporting date. The impact of the amendment would be accounted for in the 2019 financial statements

40.5 Fire Outbreak at the Ikeja Office

Subsequent to year end, there was a fire outbreak at the Company's Ikeja office. The outbreak affected a part of the facility which was under an active fire insurance policy. The Directors have estimated the cost to restore the facility to its initial state to be N477.5 million and this cost will be borne by the insurance Company.

41 Changes in presentation and classification of comparatives

Certain changes were made to the presentation and classification of line items on the statement of profit or loss, statement of financial position. The changes were made in order to achieve fairer presentation. Further details are shown below:

i) Consolidated and separate statements of profit or loss

	As reported in 2017 financial year N'000	Group Reclassification/ Presentation N'000	2017 comparative re- presentation N'000	As reported in 2017 financial year N'000	Company Reclassification/ Presentation N'000	2017 comparative re- presentation N'000
41.1 Cost of sales	(248,393,638)	(1,785,254)	(250,178,892)	(124,130,812)	(1,805,743)	(125,936,555)
Impact on Gross profit	(248,393,638)	(1,785,254)	(250,178,892)	(124,130,812)	(1,805,743)	(125,936,555)
41.2 Selling and marketing expenses	(3,685,666)	(1,025,463)	(4,711,129)	(1,308,561)	(1,021,679)	(2,330,240)
41.3 Administrative expenses	(41,594,520)	3,186,343	(38,408,177)	(22,247,690)	3,203,048	(19,044,642)
41.4 Other income	4,069,524	(375,626)	3,693,89	4,181,947	(375,626)	3,806,321
Impact on operating profit	(289,604,300)	-	(289,604,300)	(143,505,116)	-	(143,505,116)

During the year, Lafarge Africa Plc modified the classification of items within Cost of Sales, Selling and Marketing expenses, Administrative expense and other income to achieve fairer representation. Comparative amounts in the statement of profit or loss were reclassified for consistency. As a result, N1.7 billion for the Group and N1.8 billion for the Company were reclassified from administrative expenses to cost of sales. Also, N1.02 billion for the Group and Company was reclassified from Administrative expenses to Selling and Marketing Expenses while N375million has been reclassified from other Income to Cost of Sales.

ii) Consolidated and Separate Statements of Financial Position

	As reported in 2017 financial year N'000	Group Reclassification/ Presentation N'000	2017 comparative re- presentation N'000
Assets			
Non-current assets			
Deferred tax assets	7,951,595	9,562,837	17,514,432
Total impact on non-current assets	7,951,595	9,562,837	17,514,432
Impact on total assets	7,951,595	9,562,837	17,514,432
Liabilities			
Deferred tax liabilities	1,463,106	9,562,837	11,025,943
Total impact on non-current liabilities	1,463,106	9,562,837	11,025,943
Impact on total liabilities	1,463,106	9,562,837	11,025,943

Changes were made to the presentation and classification of deferred tax liabilities and deferred tax assets comparative balances on the statement of financial position. The changes were made in order to achieve fairer presentation as shown above.

Consolidated and Separate Statements of Value Added for the year ended 31 December 2018

Group	31 Dec 2018 N'000	%	31 Dec 2017 N'000	%
Revenue	308,425,456	341	299,153,305	580
Bought in materials and services	-	-	-	-
Local	(205,274,250)	(227)	(184,741,039)	(359)
Imported	(15,885,814)	(18)	(68,328,877)	(132)
Other income and finance income	3,103,161	4	5,508,504	11
Value added	90,368,553	100	51,591,893	100
Applied as follows:				
To pay employees				
Wages, salaries and other benefits	37,164,323	41	32,681,072	63
To pay providers of capital:				
Finance costs	34,146,148	38	28,709,847	56
To pay government:				
Income tax expense	1,351,245	1	2,455,201	5
Retained in the business				
To maintain and replace:				
Property, plant and equipment	22,288,279	25	22,181,159	43
Intangible assets	4,220,284	5	166,023	-
To deplete reserves	(8,801,726)	(10)	(34,601,409)	(67)
Value added	90,368,553	100	51,591,893	100

Consolidated and Separate Statements of Value Added for the year ended 31 December 2018

Company	31 Dec 2018 N'000	%	31 Dec 2017 N'000	%
Revenue	187,043,475	260	177,170,362	367
Bought in materials and services				
Local	(99,452,106)	(138)	(93,964,561)	(194)
Imported	(18,193,495)	(25)	(40,270,526)	(84)
		-		-
Other income and finance income	2,610,393	4	5,289,423	11
Value added	72,008,267	101	48,224,698	100
Applied as follows:				
To pay employees				
Wages, salaries and other benefits	16,052,908	22	15,874,686	33
To pay providers of capital:				
Finance costs	32,152,046	45	28,331,639	59
To pay government:				
Income tax expense	84,876	-	937,732	2
Retained in the business				
To maintain and replace:				
Depreciation of plant, property and equipment	16,369,888	23	16,304,267	34
Intangible assets	3,206,785	4	-	-
To deplete reserves	4,141,764	7	(13,223,626)	(28)
Value added	72,008,267	101	48,224,698	100

Five year Financial Summary for the year ended 31 December 2018

Group	I F R S				
	2018 N'000	2017 N'000	2016 N'000	2015 N'000	2014 N'000
Financial position					
Capital employed:					
Ordinary share capital	4,336,715	2,787,888	2,740,367	2,277,451	2,202,088
Share premium	350,945,748	222,272,108	217,528,456	186,419,988	173,997,568
Retained earnings	138,272,355	160,257,556	102,842,886	100,992,758	87,206,392
Deposit for shares	-	130,416,872	-	-	-
Foreign currency translation reserve	9,364,261	9,935,643	(8,660,486)	(10,156,641)	(1,341,036)
Other reserves on business combination and re-organisation	(368,683,312)	(368,683,312)	(256,899,951)	(162,185,111)	(161,689,548)
Non-controlling interest	305,322	-	191,401,276	58,803,285	75,204,485
Total equity	134,541,089	156,986,755	248,952,548	176,151,730	175,579,949
Represented by:					
Property, plant & equipment	394,488,764	393,651,934	390,240,816	364,397,318	331,257,236
Intangible assets	6,194,518	2,634,326	1,563,499	1,548,927	2,196,926
Investment in joint ventures	-	-	89,551	27,410	43,208
Other financial assets	1,301,148	1,582,622	423,921	9,980,526	6,255,605
Other assets	16,671,760	20,803,113	9,790,605	291,765	1,587,096
Deferred tax assets	28,720,032	17,514,432	7,641,003	-	294,629
Restricted cash	-	-	-	2,188,089	2,097,687
Net current liabilities	(119,289,276)	(189,550,565)	(85,039,599)	(20,477,577)	(3,505,724)
	328,086,946	246,635,862	324,709,796	357,956,458	340,226,663
Borrowings	(172,373,209)	(68,715,378)	(68,221,773)	(135,465,180)	(116,001,592)
Deferred tax liabilities	(10,200,112)	(11,025,943)	-	(32,937,323)	(34,172,979)
Provisions	(3,645,751)	(3,472,388)	(2,200,640)	(2,576,567)	(3,124,736)
Deferred revenue	(2,597,602)	(1,518,467)	(1,554,673)	(2,133,748)	(2,368,466)
Employee benefits obligation	(4,729,183)	(4,916,931)	(3,780,162)	(7,542,345)	(8,978,941)
Other long term liabilities	-	-	-	(1,149,565)	-
Net assets	134,541,089	156,986,755	248,952,548	176,151,730	175,579,949
Net assets per share (Naira)	1,551	2,816	4,542	3,867	3,987

Net assets per share is calculated by dividing net assets of the Group by the number of ordinary shares outstanding at the end of the reporting period.

Financial result	I F R S				
	2018 N'000	2017 N'000	2016 N'000	2015 N'000	2014 N'000
Revenue	308,425,456	299,153,305	219,714,112	267,234,239	260,810,463
(Loss)/profit before minimum tax	(19,508,228)	(34,032,277)	(22,818,718)	29,286,847	40,358,133
(Loss)/profit for the year	(8,801,726)	(34,601,409)	16,898,781	27,162,969	33,820,372
Dividend proposed		13,010,143	5,754,771	14,904,233	15,855,034
Per share data (Kobo)					
Earnings - Basic	(105)	(637)	315	574	767
Dividend proposed (kobo)	-	105	105	300	360
Dividend cover (times)	-	(6)	3	2	2
Net assets	1,551	2,816	4,542	3,867	3,987

Earnings per share (EPS) is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding at the end of the reporting period.

Five year Financial Summary for the year ended 31 December 2018

Company	I F R S				
	2018 N'000	2017 N'000	2016 N'000	2015 N'000	2014 N'000
Capital employed:					
Ordinary share capital	4,336,715	2,787,888	2,740,367	2,277,451	2,202,088
Share premium	350,945,748	222,272,108	217,528,456	186,419,988	173,997,568
Retained earnings	92,140,223	100,970,988	119,825,320	113,904,430	100,464,682
Deposit for shares	-	130,416,872	-	-	-
Foreign currency translation reserve	39,103	39,103	-	-	-
Other reserves on business combination and re-organisation	(191,718,064)	(191,718,064)	-	-	-
Total equity	255,743,725	264,768,895	340,094,143	302,601,869	276,664,338
Represented by:					
Property, plant & equipment	291,775,732	292,872,779	114,617,300	118,251,256	120,154,329
Intangible assets	3,204,505	-	-	-	-
Investment in subsidiaries	178,923,532	182,088,406	243,891,263	211,903,225	198,173,967
Investment in joint venture	-	-	73,133	-	-
Other financial assets	1,134,509	1,556,738	92,143,118	18,139,971	-
Other assets	15,073,457	14,984,747	-	-	-
Deferred tax assets	27,950,907	16,333,384	-	-	-
Net current liabilities/assets	(114,241,023)	(174,121,882)	(25,718,849)	(14,578,906)	(11,227,214)
	403,821,619	333,714,172	425,005,965	333,715,546	307,101,082
Borrowings	(144,391,743)	(64,900,757)	(64,014,218)	(5,672,992)	(7,057,436)
Deferred tax liabilities	-	-	(18,031,333)	(18,900,873)	(18,021,055)
Provisions	(618,970)	(909,320)	(563,468)	(792,578)	(742,123)
Deferred revenue	(1,455,770)	(1,518,467)	(722,496)	(752,600)	(782,704)
Employee benefits obligation	(1,611,411)	(1,616,733)	(1,580,307)	(4,994,634)	(3,833,426)
Net assets	255,743,725	264,768,895	340,094,143	302,601,869	276,664,338
Net assets per share (Naira)	2,949	6,205	6,205	8,553	8,079

Net assets per share is calculated by dividing net assets of the Group by the number of ordinary shares outstanding at the end of the reporting period.

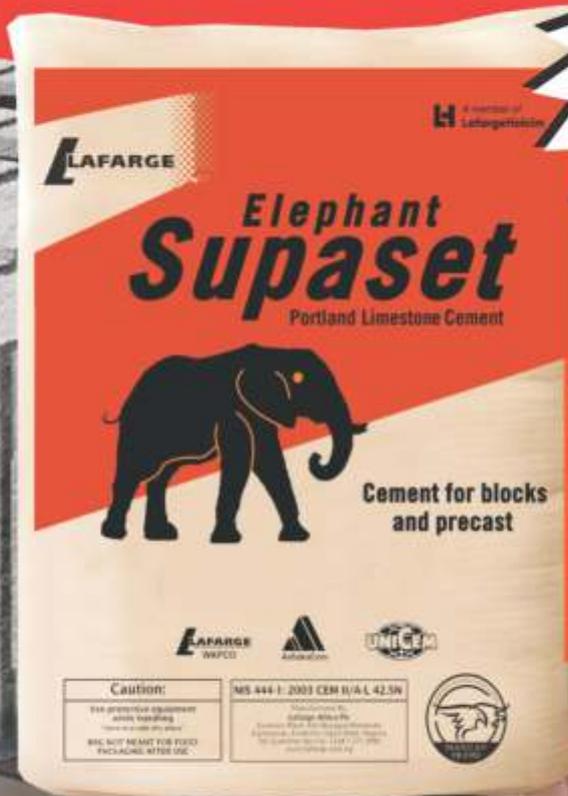
Financial result	I F R S				
	2018 N'000	2017 N'000	2016 N'000	2015 N'000	2014 N'000
Revenue	187,043,475	177,170,362	87,198,416	114,558,245	105,848,657
(Loss)/profit before minimum tax	(7,408,583)	(7,098,191)	19,888,762	30,918,773	32,352,996
(Loss)/profit for the year	4,141,764	(13,223,626)	20,778,348	29,837,395	28,360,146
Dividend proposed	-	13,010,143	5,754,771	14,904,233	15,855,034
Per share data (Kobo)					
Earnings - Basic	48	(240)	394	594	826
Dividend proposed (kobo)	-	150	105	300	360
Dividend cover (times)	-	(2)	4	3	2
Net assets	2,949	4,749	6,205	8,553	8,079

Earnings per share (EPS) is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding at the end of the reporting period.

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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 60th Annual General Meeting (AGM) of Lafarge Africa Plc will hold at the Grand Banquet Hall, of the Civic Centre, Ozumba Mbadiwe Road, Victoria Island, Lagos, on Monday, 22nd July 2019 at 10am to transact the following businesses:

AGENDA

ORDINARY BUSINESS

1. To lay the Audited Financial Statements for the year ended 31st December 2018 together with the Report of the Directors, External Auditors and Audit Committee thereon;
2. To approve the appointment of the following Non-Executive Directors:
 - a. Mr. Jean-Philippe Benard
 - b. Ms. Karine Uzan Mercie
3. To re-elect the following Non Executive Directors:
 - a. Mr. Adebode Adefioye
 - b. Mrs. Elenda Giwa-Amu
 - c. Mrs. Adenike Ogunlesi
4. To authorise the Directors to fix the remuneration of the External Auditors.
5. To elect Members of the Audit Committee.

SPECIAL BUSINESS

Ordinary Resolutions:

6. To fix the remuneration of the Directors.
7. **Approval of Related Party Transaction**

To consider and, if thought fit, to pass, with or without amendment, the following resolutions:

 - a. "That the Company be and is hereby authorized to enter into a related party transaction involving the sale by the Company of its 33,823,992 ordinary shares in Lafarge South Africa Holdings Proprietary Limited ("LSAH") to Caricement B.V, a subsidiary of LafargeHolcim group (the

"Purchaser") for a Consideration no less than US\$316,289,060.61 (Three Hundred and Sixteen Million, Two Hundred and Eighty Nine Thousand, Sixty Dollars Sixty One Cents)("Consideration");

- b. That the Company be and is hereby authorized to receive the Consideration or any portion of it by a set-off of the Company's total indebtedness to the Purchaser under the existing Inter-Group Loan Agreements between the Company and the Purchaser as at the closing date of the share purchase agreement between the Company and the Purchaser;
- c. That the general mandate given to the Company to enter into recurrent transactions with related parties for the Company's day-to-day operations, including the procurement of goods and services, on normal commercial terms in compliance with the Nigerian Stock Exchange Rules Governing Transactions with Related Parties or Interested Persons, be and is hereby renewed."

8. Other Acts

- a. "The Directors of the Company be and are hereby authorised to approve, sign and/or execute all documents, as may be necessary to give effect to the above resolutions, including without limitation, complying with the directives of any regulatory authority and all acts carried out, steps taken and documents executed (or to be executed), by the Directors of the Company in connection with the above resolutions be and are hereby approved and/or ratified as the case may be;
- b. The Company Secretary be and is hereby authorised to take all steps to give effect to these resolutions and, where applicable, to file and/or register same with the Corporate Affairs Commission."

NOTES

Related Party Circular

In accordance with The Nigerian Stock Exchange's Rules Governing Transactions with Related Parties or Interested Persons, the details of the proposed related party transactions are contained on pages 144 – 150 and Page 151 for the General Mandate.

Proxy

A member of the Company entitled to attend and vote at the Annual General Meeting can appoint a proxy to



attend and vote instead of him/her. A proxy need not be a member of the Company. A proxy form is enclosed 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, located at 358 Herbert Macaulay Road, Yaba, Lagos, not later than 48 hours before the time for holding the meeting.

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 Registrar as soon as possible. We request our Shareholders to use the e-dividend payment portal that will serve as an online 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. A detachable e-dividend payment mandate and change of address form is attached to the Annual Report to enable shareholders furnish particulars of their bank and CSCS account numbers to the Registrar.

Closure of Register of Members

In accordance with section 89 of the Companies and Allied Matters Act (CAMA), please note that the Register of Members and Transfer Books of the Company will be closed from Monday, 24th June 2019 to Friday, 28th June 2019 (both dates inclusive) to enable the Registrar to update its records.

Nominations for the Audit Committee

In accordance with Section 359 (5) of CAMA, any shareholder may nominate another shareholder for appointment to the Audit Committee. Such nomination should be in writing and must reach the Company Secretary not less than twenty-one (21) days before the AGM. The Securities and Exchange Commission's Code of Corporate Governance for public companies indicates that some of the members of the Audit Committee should have basic financial literacy and be knowledgeable in internal control processes.

We therefore request that nominations must be accompanied by a copy of the nominee's curriculum vitae.

Unclaimed Dividend

Shareholders are hereby informed that a number of share certificates and dividend warrants have been returned to the Registrars as "unclaimed". Any member affected by this notice is advised to write to or call the office of the Company's Registrar, Cardinal Stone Registrars Limited. The list of unclaimed dividend can be accessed at the Registrars' office or via the Company's website: www.lafarge.com.ng

Right To Ask Questions

Pursuant to Rule 19.12 (c) of the Nigerian Stock Exchange Rule Book 2015, it is the right of shareholders of the Company to ask questions not only at the Annual General Meeting but also in writing prior to the meeting. We urge that such questions be submitted to the Company Secretariat not later than one week before the Annual General Meeting or by email to investorrelations.ng.tech@lafargeholcim.com

The profile of Directors for re-election can be accessed on the Company's website: www.lafarge.com.ng.

BY ORDER OF THE BOARD



Adewunmi Alode (Mrs.)
Company Secretary
FRC/2018/ICSAN/00000017796
Dated this 18th of June 2019
27B Gerrard Road,
Ikoyi, Lagos.



THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about the contents of this document or any action to be taken, you should consult your Stockbroker, Solicitor, or any other independent professional adviser duly registered under the Investment and Securities Act (No. 29 of 2007) immediately.

If you have sold or otherwise transferred all your shares in Lafarge Africa Plc, please give this document and the accompanying proxy forms to the purchaser or transferee or to the Stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

The receipt of this document or of any information contained in it or supplied with it or subsequently communicated to any person does not constitute investment advice to a shareholder from Lafarge Africa Plc or to any other person by the Company or its directors and the Company does not commit to providing shareholders with any other information, updates or corrections to this document or the information contained herein.

EXPLANATORY NOTE



LAFARGE AFRICA PLC

RC 1858

ON THE PROPOSED
RELATED PARTY TRANSACTION
WITH CARICEMENT B.V.

A SUBSIDIARY OF LAFARGEHOLCIM LIMITED



DEFINITIONS

Annual General Meeting	means the 60th Annual General Meeting of the Company, scheduled to hold on July 22, 2019;
Board of Directors or Board or Directors	means the board of directors of the Company;
CAMA	means the Companies and Allied Matters Act Cap C24, Laws of the Federation of Nigeria;
Caricement	means Caricement B.V., a wholly owned subsidiary of LH;
Chairman's Statement	means a Statement from the Chairman of the Board of Directors of the Company set out in the Annual Report;
Closing Date	means July 31, 2019;
Company	means Lafarge Africa PLC;
Consideration	means the payment by Caricement for the Sale Shares through a set-off of all the outstanding amounts due by the Company to Caricement under the Inter-Group Loan Agreements at the Closing Date;
Explanatory Statement	means this Explanatory Statement;
Fairness Opinion Advisers	means PricewaterhouseCoopers Limited;
Financial Advisers	means Standard Chartered Securities (Nigeria) Limited;
Group Independent	means the Lafarge Africa PLC Group;
Valuation Adviser	means Standard Chartered Capital and Advisory Limited and Standard Chartered Bank, Johannesburg ("together SCB");
Inter-Group Loans	means the inter-group loans between the Company (as borrower) and Caricement (as lender) pursuant to the Inter-Group Loan Agreements;
Inter-Group Loan Agreements	means the inter-group loan agreements entered into between the Company (as borrower) and Caricement (as lender) [as listed in Appendix 1;
Legal Advisers	means Aluko & Oyebode;
LH	means LafargeHolcim and its group entities;
LSAH	means Lafarge South Africa Holdings (Pty) Limited;
Minority Shareholders	means the shareholders of the Company other than LH;
N or Naira	means the lawful currency of the Federal Republic of Nigeria;
NSE or The NSE	means The Nigerian Stock Exchange;
NSE Rules	means the Rules and Regulations of The NSE;
Proposed Sale	means the proposed sale of 100% of the issued share capital in LSAH by the Company to LH;
Related Party Rules	means The Nigerian Stock Exchange's Rules Governing Transactions with Related Parties or Interested Persons;
Sale Shares	means the 33,823,992 ordinary shares in LSAH held by the Company constituting 100% of the issued share capital of LSAH.



EXPLANATORY NOTE TO SHAREHOLDERS OF LAFARGE AFRICA PLC ON THE PROPOSED RELATED PARTY TRANSACTIONS WITH CARICEMENT B.V. SUBSIDIARY OF LAFARGEHOLCIM LIMITED, PURSUANT TO THE NIGERIAN STOCK EXCHANGE RULES GOVERNING TRANSACTIONS WITH RELATED PARTIES OR INTERESTED PERSONS

This Explanatory Note has been prepared to provide all the material information to all the Shareholders of Lafarge Africa Plc ("Lafarge Africa" or "the Company"), in respect of the proposed sale of a 100% equity interest held by the Company in Lafarge South Africa Holdings (Pty) Limited ("LSAH") to Caricement B.V. ("Caricement"), an indirect subsidiary of LafargeHolcim Limited ("LafargeHolcim" or "LH") and the repayment of the Inter-Group Loans (the "Transaction").

The Transaction is subject to the NSE Related Party Rules. Lafarge Africa will present the terms of the Transaction to the shareholders for consideration at the 60th Annual General Meeting of the Company, as Special Business, which will be voted on by way of an ordinary resolution in accordance with CAMA.

1. Background

LSAH, a member of the LafargeHolcim Group, was established in 1998 and manufactures and supplies cement, aggregates, ready-mix concrete and fly ash in South Africa. LSAH became a wholly owned subsidiary of Lafarge Africa following the Company's acquisition of a 100% stake in LSAH in 2014. The consideration that Lafarge Africa paid for the acquisition of LSAH was settled by way of cash of US\$200 million and the allotment of 724,758,803 ordinary shares in Lafarge Africa; to Financiere Lafarge SAS.

Lafarge Africa's ownership of 100% of LSAH, 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).

LSAH's operations have been subjected to shrinking demand in South Africa - an aggressively competitive market. Between 2000 and 2007, demand was fueled by increasing infrastructure spend which tapered off and eventually declined quite sharply. Low growth indicators, growing budget deficits, declining infrastructure spend and reduced consumer discretionary income continue to constrain industry volumes; and characterize the downward trend in South Africa's building materials sector. The competitive environment, slow recovery and struggle to defend market share have heightened market pressure to reduce prices, significantly impacting LSAH's operating margins in recent years.

The Board of Directors of Lafarge Africa ("the Board") have continued to deliberate on the impact of LSAH's performance on the Company and are now constrained to effect a sale of LSAH, in order to halt further erosion of shareholder value and restore profitability to your company.

2. The Proposal

2.1. The Proposed Sale

As part of its audit exercise with respect to the 2018 accounts, KPMG Professional Services as auditors of the Company, informed the Company's management that, based upon its assessment of the 2018 performance of LSAH, the valuation of LSAH in the accounts of the Company would have to be impaired to a tune of N 70 billion (the Potential Impairment). The Board, acting within its regulatory duties, delayed the approval of the 2018 accounts whilst seeking the optimal resolution of this significant issue which had a potential major impact on shareholders' value in the Company. During deliberations by the Board on this matter, various options were considered including exit from South Africa, the Board then arrived at the conclusion that the disposal of LSAH as the best option for halting the Potential Impairment. In addition and based on well considered metrics and the very limited time to explore other options, the Board concluded that a buy-back by LH was the most appropriate means of deriving the best value from the proposed sale in the interest of all stakeholders and most especially the Minority Shareholders. Understanding the implication of the Potential Impairment on the Company, LH acted timeously by entering into negotiations with the Company with respect to the Potential Sale.

In order to ensure a transparent and arm's length Transaction, the Board took the following steps:

- i. Set up of an Independent Committee made up of some members of the board who are not employees or officers of LH together with the Chairman of the Audit Committee in attendance.
 1. Mr. Adebode Adefioye – Board member
 2. Mrs. Elenda Giwa-Amu – Board member
 3. Mrs. Adenike Ogunlesi – Board member
 4. Mr. Olawale Oyedele – Chairman Audit Committee (In Attendance)

The Independent Committee along with the Chairman of the Board (In Attendance) negotiated the Proposed Sale with the LH team;

- ii. Appointment of separate professional advisers (financial and legal advisers) to advise the Board on the proposed transaction;
- iii. Appointment of a Fairness Opinion Adviser to provide a fairness opinion with respect to the transaction, in line with the Related Party Rules;
- iv. Recusal from voting on the Transaction by Board members who are employees or officers of LH; and
- v. Engagement of the services of Standard Chartered Bank Johannesburg and Standard Chartered Capital and Advisory (Nigeria) Limited (both referred to as "SCB" in



this Explanatory Notes) to conduct a “fair value” valuation of LSAH.

Following the discussions and various negotiations on the Proposed Sale, LafargeHolcim agreed to purchase the Sale Shares for the Consideration being a set-off of all the outstanding amounts due by the Company to Caricement under the Inter-Group Loan Agreements at the Closing Date which is July 31, 2019. The value of the Consideration at the closing date is US\$316,289,061.00 (three hundred and sixteen million, two hundred and eighty nine thousand and sixty one United State Dollars) being the sum total of the principal sum of US\$293,000,000.00 plus all accrued interest of US\$23,289,061 as at July 31, 2019.

2.2. The Set-Off

At the 59th AGM of the Company, the minority Shareholders approved the restructuring of the then existing US\$315.2 million balance of inter-group company loan between the Company and LH through Caricement as lender. Pursuant to the approved loan restructuring,

- i. the loans were restructured to a 7.5 year tenor with two years repayment moratorium. The summary of the approved restructured loan is attached as Appendix 1
- ii. the outstanding amounts due to Caricement was split into separate facilities (the “Split Transactions”) to facilitate repayment by the Company as and when the Company's cashflows permit; and
- iii. US\$22.2 million was repaid from the proceeds of the N89.2 billion Rights Issue concluded in March 2019;

Following the negotiations with LH by the Independent Committee of the Board and offer by LH to purchase the Sale Shares for the Consideration, the Transaction will therefore involve a set-off off the purchase price due under the Proposed Sale with the outstanding amounts due and payable by the Company under the Inter-Group Loan Agreements.

3. The Valuation

SCB's valuation reflects an intrinsic enterprise value range of US\$217 million - US\$249 million and equity value range of US\$85 million – US\$117 million based on LSAH's management business plan. Based on certain parameters, SCB estimated current market value at US\$50 million or less (bottom end of EV/2020 EBITDA range, plus estimated value of tax losses). It noted that in the near term, the Market Value could increase to US\$100 million – US\$140 million, if LSAH demonstrates progress towards its 2021 financial projections.

As at May 31, 2019, LSAH's carrying value on the books of Lafarge Africa is a historical cost of N118.10 billion (c.US\$328.05 million).

4. Independent Fairness Opinion

The Rules - in particular, Rule 20.7 (d) 1 (A) and (B) - require that an Independent Financial Adviser provide an opinion on whether the related party transaction “is executed on normal commercial terms” or whether it “is prejudicial to the interest of the Issuer (in this case, Lafarge Africa) and its minority shareholders”.

Pursuant to the Rules, Lafarge Africa appointed PricewaterhouseCoopers (“PwC”) for the purposes of obtaining an Independent Fairness Opinion on the Sale.

An extract of the report issued by PwC on May 21, 2019 is provided below:

“PwC has assumed and relied, without any responsibility for independent verification, upon the accuracy and completeness of all financial and other information, which was provided to it or is publicly available....Our Opinion is based on economic, monetary and market conditions as they exist as at the date of this Opinion...”

“...Based upon and subject to the foregoing, PwC is of the opinion that, as at the date hereof, the Offer Price for the shares of LSAH – USD316,289,061.00 – is fair and reasonable.”

The full text of PwC's Independent Fairness Opinion is set out in Appendix 2 hereto.

5. Benefits of the Transaction

The Proposed Sale is expected to enhance the value of shareholders' investments in Lafarge Africa, which is of utmost importance to the Board. In addition, following the conclusion of the Proposed Sale, Lafarge Africa's shareholder loan of US\$293,000,000.00 as at July 31, 2019 (“Shareholder Loan”), which represents the only existing foreign currency loan in the books of the Company will be completely extinguished. This full repayment of the Shareholder Loan will protect and preserve Lafarge Africa's net Income and cash flows considering the resulting decrease sums to be applied towards debt service as on the overall the Company's debt will be reduced by c.N115 billion and an additional c.N47 billion by the eventual deconsolidation of LSAH. The improvement in cashflow and net income, resulting from the reduction in debt service outflows, will enable Lafarge Africa to consider additional investments in cement production capacity to improve its market share in Nigeria. The Sale is expected to boost the Company's profitability, through positive cash flow generation.

In summary, the conclusion of the Sale is expected to:

- a. boost Lafarge Africa's cashflow and net income, given the reduction in debt service outflows;
- b. cut annual interest expense by c.N9.1 billion on account of the full repayment of the foreign currency inter-company loan;
- c. enable Lafarge Africa to reinvest in (and expand) operations in existing plants;
- d. enable the management of Lafarge Africa to devote attention to Lafarge Africa's operations with higher profitability and prospects;
- e. strengthen Lafarge Africa's Balance Sheet and position the Company to improve overall profitability; and
- f. enable the re-rating of the Company's share price.

Subsequent to the conclusion of the transaction, the only remaining debt on the books of the Company will be the 2nd Tranche of the Corporate Bond (N33.8 billion) with maturity in June 2021, and the CBN Power Intervention funds through Bank of Industry (N19.9 billion).



6. Concurrence of Lafarge Africa's Audit Committee

The Company has provided the Audit Committee with copies of the term sheet and agreements that Lafarge Africa proposes to execute with Caricement, a subsidiary of LafargeHolcim Ltd. The Independent Fairness Opinion prepared by PwC has also been presented to the Audit Committee.

At a meeting of the Company's Audit Committee held on May 24, 2019, the members of the Audit Committee discussed the Sale and confirmed their concurrence with the Independent Fairness Opinion expressed by PwC; and consequently, the Audit Committee will not be issuing a separate opinion on the Related Party Transaction.

7. Impact of the Transaction

The Transaction will become effective following receipt of all requisite regulatory approvals and upon the fulfilment of all other conditions precedent as agreed by Lafarge Africa and Caricement. From the effective date of the Sale, Lafarge Africa will cease to own the 100% equity interest in LSAH; which will be transferred and relinquished to Caricement. Accordingly, from that date, Lafarge Africa will have no obligations or interests regarding LSAH and the accounts of LSAH will no longer form part of Lafarge Africa's consolidated accounts. In addition, the Company's liabilities under the Inter-Group Loan Agreements will be extinguished.

8. Recommendation

The Board has considered the Independent Fairness Opinion provided by PwC and the concurrence of the Audit Committee. [Board members who are employees or officers of LafargeHolcim recused themselves from these discussions.]

Based on the foregoing, the Board believes that, under the circumstances and given the likelihood that LSAH's continued operational and financial performance would have required Lafarge Africa to take a very significant impairment on its investment, the Consideration of US\$316,289,061.00 represents a favorable outcome. The Board, therefore strongly recommends the Transaction for consideration by the shareholders of Lafarge Africa and urges the shareholders to approve the Transaction.

On the back of this recommendation by the Board and the clearance of the transaction by The NSE under its rule governing transactions with Related Party and Interested Persons the impairment of the investment in LSAH that is recognised in the 2018 audited Financial Statements is c.N3.2 billion which represents the difference between the carrying value of the investment (N118.1 billion) and the net sales proceeds translated from US\$ to Naira based on the prevailing exchange rate as at 31 December 2018. Given that July 31, 2019 is the effective date of the Share Purchase Agreement (SPA), the accounts of the Company will continue to reflect the operations of LSAH until the end of Q2 2019.

9. Shareholder Approval

LafargeHolcim is Lafarge Africa's parent company and owns 83.8% of the Company through the following wholly owned subsidiaries: Caricement B.V., Associated International Cement Ltd (UK) and Lafarge Associated Nigeria Limited. The counter party to the Proposed Sale and the Set-Off is Caricement; based on the provisions of the NSE Rules, the Transaction is a related party transaction and therefore governed by the Related Party Rules. Under the Related Party Rules, the approval of the Minority Shareholders is required for the consummation of the Transaction.

The 60th Annual General Meeting of Lafarge Africa is scheduled to hold on July 22, 2019 at 10.00am ("the AGM"). At the AGM, the shareholders of Lafarge Africa will consider and, if thought fit, approve the Related Party Transaction which will authorize Lafarge Africa to execute such agreements as will be required to effect the Transaction.

10. Voting at the Meeting

Each shareholder is eligible to vote at the AGM and will be entitled to cast votes in respect of the Transaction.

However, the LafargeHolcim Group - the majority shareholder in Lafarge Africa, in compliance with the requirements of The NSE Rules Relating to Board Meetings and General Meetings of Issuers - has informed the Company that, as a related party, LafargeHolcim (its nominee, subsidiaries, associate, related party, or other party acting in concert with LafargeHolcim that hold shares in the Company), will not exercise its right to vote at the AGM on matters pertaining to the Transaction.

APPENDIX 1 - SUMMARY OF APPROVED RESTRUCTURED INTER-GROUP LOANS

Lender	Amount - mUs\$	Interest Rate	Interest Rate - Post Moratorium	Tenor	Moratorium	Maturity
A. Caricement B. V	7.2	1 Month Libor + 5.71%	Not Applicable	1 Month	Not Applicable	27th December, 2018*
B. Caricement B. V	220.0					
Part A - 1	25.0	12 Month Libor + 6.35%	12 Month Libor + 6.35%	7.5 years	2 years + 1 day	26 February, 2026
Part A - 2	25.0	12 Month Libor + 6.35%	12 Month Libor + 6.35%	7.5 years	2 years + 1 day	26 February, 2026
Part A - 3	25.0	12 Month Libor + 6.35%	12 Month Libor + 6.35%	7.5 years	2 years + 1 day	26 February, 2026
Part A - 4	25.0	12 Month Libor + 6.35%	12 Month Libor + 6.35%	7.5 years	2 years + 1 day	26 February, 2026
Part A - 5	25.0	12 Month Libor + 6.35%	12 Month Libor + 6.35%	7.5 years	2 years + 1 day	26 February, 2026
Part A - 6	30.0	12 Month Libor + 6.35%	12 Month Libor + 6.35%	7.5 years	2 years + 1 day	26 February, 2026
Part A - 7	50.0	12 Month Libor + 6.35%	12 Month Libor + 6.35%	7.5 years	2 years + 1 day	26 February, 2026
Part A - 8*	15.0	3 Month Libor + 5.71%	Not Applicable	3 Month	Not applicable	27 December, 2018*
C. Caricement B. V	88.0	12 Month Libor + 6.35%	12 Month Libor + 6.35%	7.5 years	2 years + 1 day	26 February, 2026

* December 27, 2018 or any other date as may be agreed by parties



The Board of Directors,
Lafarge Africa Plc
27B Gerrard Road
Ikoyi, Lagos.

21 May 2019

Dear Sirs,

Fairness and reasonableness opinion on the price to be paid by LafargeHolcim Group ("LafargeHolcim") to Lafarge Africa Plc ("Lafarge Africa") for its 100% equity ownership of Lafarge South Africa Holdings ("LSAH")

Introduction

LSAH, a subsidiary of Lafarge Africa is involved in the manufacturing and marketing of cement, ready-mix concrete, aggregates and gypsum products in South Africa.

We understand that Lafarge Africa, due to the poor financial performance of LSAH and a potential substantial impairment required by the auditors in the 2018 financial statements, has decided to dispose of its 100% equity interest in LSAH, hereinafter referred to as "The Transaction". Standard Chartered Bank ("SCB") has been hired as a financial advisor by Lafarge Africa to conduct a valuation of LSAH and advise its Board of Directors. Lafarge Africa has approached LafargeHolcim to buy back Lafarge Africa's equity interest in LSAH and has negotiated a price of USD 316,289,061 for the Transaction (the "Offer Price").

Based on the documents received from Lafarge Africa and LSAH, LSAH's value is driven by its interest in the following operating entities:

- 73.0% of the equity shareholding in Lafarge Mining South Africa (Pty) Limited ("Lafarge Mining")
- 79.7% of the equity shareholding in Lafarge Industries South Africa (Pty) Limited ("Lafarge Industries")
- 70.1% of the equity shareholding in Ash Resources (Pty) Limited ("Ash Resources")

In addition, there are four other non-operating entities (Qala Quarry, Marang Tyre Processing, Laf Gypsum Holdings and AFR) owned by LSAH, whose values are negligible.

Lafarge Africa has requested the opinion ("Opinion") of PricewaterhouseCoopers Limited ("PwC") as to the fairness, from a financial view, of the Offer Price to Lafarge Africa.

Responsibility

To the fullest extent permitted by law, PwC accepts no duty of care to any third party in connection with the provision of this Opinion and/or any related information or explanation (together, the "Information"). Accordingly, regardless of the form of action, whether in contract, tort (including, without limitation, negligence) or otherwise, and to the extent permitted by applicable law, PwC accepts no liability of any kind to any third party and disclaims all responsibility for the consequences of any third party acting or refraining to act in reliance on the Information.

The information used by PwC in preparing this Opinion has been obtained from a variety of sources as indicated within the Opinion. While our work has involved analysis of financial information and/or accounting records, it has not included an audit in accordance with generally accepted auditing standards.

Definition of the term "fair"

For the purpose of this Opinion, we define "fair market value" as the price which might reasonably be expected to be obtained in money or money's worth, in a sale between a willing buyer and a willing seller, each of whom is deemed to be acting for self-interest and gain and both of whom are equally well informed about the business and the markets in which this business operates. The valuation used in determining the Offer Price for this Transaction may be considered fair if it is not less than the fair value.

Procedures

In rendering our Opinion, we have considered the following:

- a. A valuation report on LSAH prepared by Standard Chartered Bank dated May 2019;



- b. Information relating to LSAH, its subsidiaries (Lafarge Industries, Lafarge Mining and Ash Resources) including audited financial statements for the periods 31 December 2014 to 31 December 2018 and year-to-date March 2019 management accounts;
- c. Management plan detailing management assumptions, forecast financial information, etc. relating to LSAH;
- d. LSAH's estimates of the following as at 31 December 2018
 - Pension liabilities & provisions
 - Overdue payables and adjustments
- e. Our assessment of the indicative values of LSAH using the Discounted Cash Flow ("DCF"), market-based and cost valuation methodologies; and
 - Discussions with representatives of the management of Lafarge Africa and LSAH and other industry experts with respect to the economic outlook of South Africa and the current state and future prospects of the South African cement industry

Assumptions and limitations

PwC has assumed and relied, without any responsibility for independent verification, upon the accuracy and completeness of all financial and other information, which was provided to it or is publicly available. In rendering this Opinion, PwC has not provided, obtained or reviewed any legal, tax, regulatory, accounting, actuarial or other advice and accordingly, PwC assumes no liability or responsibility in respect thereof. Our Opinion is based on economic, monetary and market conditions as they exist as at the date of this Opinion. Subsequent developments in the aforementioned conditions may affect the Opinion and the assumptions on which it is based. PwC is not obliged to update, revise or reaffirm the Opinion should such conditions change.

While our work has involved analysis of financial information and/or accounting records, it has not included an audit in accordance with generally accepted auditing standards and accordingly, we do not express an opinion on the financial data or other information used in arriving at our Opinion.

PwC has adopted valuation methodologies such as: Discounted Cash Flow method; Market-based methods (Enterprise Value to Capacity ("EV/Capacity")); and the Cost method (Replacement Cost Approach).

This Opinion is given as of 21 May 2019. PwC disclaims any undertakings or obligations to advise any person of any change in fact or matter affecting this Opinion, which may occur after the date of this Opinion. In the event that there is any material change in any fact or matter affecting this opinion after the date hereof, PwC reserves the right, but will be under no obligation, to change, modify or withdraw this Opinion. In addition, PwC reserves the right, but will be under no obligation, to complete any additional analysis that might be subsequently required, following the receipt of additional information.

Opinion

Based upon and subject to the foregoing, PwC is of the opinion that, as at the date hereof, the Offer Price for the shares of LSAH – USD 316,289,061 – is fair and reasonable.

This Opinion shall be governed by and construed in accordance with Nigerian Law and any claims or disputes arising out of, or in connection with, this Opinion, shall be resolved by arbitration in accordance with the provisions of the Arbitration and Conciliation Act Cap. A18 by a sole arbitrator appointed by the Chairman, Chartered Institute of Arbitrators UK (Nigeria branch).

If you require any clarification or further information, please do not hesitate to contact either Andrei Ugarov on +234 815 839 0798 or Gbolahan Ashagbe on +234 802 832 0636.

Yours sincerely,
For: PricewaterhouseCoopers Limited


Andrei Ugarov
Partner



INFORMATION IN RESPECT OF GENERAL MANDATE

In accordance with the Rules on Transactions with Related Parties recently issued by the Nigerian Stock Exchange, the Company is seeking the renewal of the general mandate from shareholders as per item 7 on the Agenda for the Annual General Meeting slated for Monday, 22nd July 2019.

It is envisaged that the Company and its subsidiaries (together, the "LAP Group") which are considered to be "entities at risk" within the meaning of Chapter 20 of the NSE Rulebook on the Rules Governing Transactions with Related Parties or Interested Persons (the Related Party Rules) will, in the ordinary course of their businesses, continue to enter into Interested Person Transactions with Interested Persons (as Defined by the Related Party Rules). Such transactions are likely to occur with some degree of frequency, and could arise at any time and as such the approval of the shareholders of the company is required to permit the LAP Group to enter into such transactions in compliance with the Related Party Rules.

1. The class of Interested Persons

The class of interested persons with which the Company will be transacting during the next financial year are Lafarge Africa Plc Group and members of the LafargeHolcim Group, its subsidiaries and associated companies;

2. The Nature of the Transactions

The General Mandate approval is sought for a range of transactions arising in the normal course of business operations of the LAP Group including a) Trading Arrangements; b) Procurement Activities c) Human Resources d) Information Technology f) Technical and Consultancy Services; and g) Industrial Franchise.

3. Price Determination

The LAP Group complies with the applicable transfer pricing regulations and has internal control procedures to ensure that all Interested Person Transactions are undertaken on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

4. Voting

The LafargeHolcim Group, in compliance with the requirements of The NSE Rules Relating to Board Meetings and General Meetings of Issuers – has informed the Company that, as a related party, LafargeHolcim (its nominee, subsidiaries, associate, related party, or other party acting in concert with LafargeHolcim that hold shares in the Company), will not exercise its right to vote at the AGM on matters pertaining to the General Mandate.



SHARE CAPITAL HISTORY

Lafarge Africa Plc as at 31st December 2018

YEAR	AUTHORIZED		FULLY PAID UP			REMARKS
	NUMBER OF SHARES	VALUE (NAIRA)	NOMINAL VALUE	NUMBER ISSUED	VALUE (NAIRA)	
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
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	-



SHARE CAPITAL HISTORY

Lafarge Africa Plc as at 31st December 2018

YEAR	AUTHORIZED		FULLY PAID UP			REMARKS
	NUMBER OF SHARES	VALUE (NAIRA)	NOMINAL VALUE	NUMBER ISSUED	VALUE (NAIRA)	
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	ALLOTMENT OF SHARES TO HOLCIBEL S.A
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
2017	10,000,000,000	5,000,000,000	AT N0.50 EACH	5,490,514,222	2,745,257,111	ASHAKA DELISTING TRANSACTION
2017	10,000,000,000	5,000,000,000	AT N0.50 EACH	5,575,775,442	2,787,887,721	ASHAKA DELISTING FINAL
2017	10,000,000,000	5,000,000,000	AT N0.50 EACH	8,673,428,465	4,336,714,233	RIGHTS 2017
2018	20,000,000,000	10,000,000,000	AT N0.50 EACH	16,107,795,721	8,053,897,861	RIGHTS 2018

Note 2 SUMMARY:

INITIAL SHARE CAPITAL	4,404,175,988
ASHAKACEM MTO	150,726,026
ALLOTMENT OF SHARES TO HOLCIBEL S.A	413,175,709
ASHAKACEM VTO	15,848,874
BONUS 2016	496,807,772
ASHAKA DELISTING TRANSACTION	9,779,853
ASHAKA DELISTING FINAL	85,261,220
RIGHTS 2017	3,097,653,023
RIGHTS 2018	7,434,367,256
PAID UP SHARE CAPITAL	16,107,795,721

Note 3 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
2016	496,807,772	248,403,886	1:10

SHAREHOLDING ANALYSIS

The Registrar has advised that the range of shareholding as at 31st December 2018 was as follows:

Range	No of Holders	Percent	Unit	Percent
1	500	47,214	11,931,339	0.14
501	5,000	59,393	94,224,198	1.09
5,001	50,000	11,889	162,625,356	1.88
50,001	500,000	1,491	198,576,820	2.29
500,001	5,000,000	198	285,343,235	3.29
5,000,001	50,000,000	35	566,478,576	6.53
50,000,001	500,000,000	7	734,990,464	8.47
500,000,001	8,673,428,465	3	6,619,258,477	76.32
Grand Total	120,230	100.00	8,673,428,465	100.00



UNCLAIMED DIVIDEND REPORT

DIVIDEND ACCOUNTS	PAYABLE DATE	UNCLAIMED AMOUNT	RETURN TO CLIENTS	RETURN FROM CLIENTS	CASH BALANCE
LAFARGE AFRICA PLC DIVIDEND 24	24-May-07	74,106,415.02	72,434,262.31	6,168,158.16	7,840,310.87
LAFARGE AFRICA PLC DIVIDEND 25	23-May-08	72,165,607.16	72,132,540.95	7,897,271.53	7,930,337.74
LAFARGE AFRICA PLC DIVIDEND 26	27-May-09	40,137,061.71	41,598,721.90	5,872,827.75	4,411,167.56
LAFARGE AFRICA PLC DIVIDEND 27	26-May-10	7,437,172.39	8,031,460.07	1,425,268.91	830,981.23
LAFARGE AFRICA PLC DIVIDEND 28	20-May-11	19,263,653.88	21,542,325.65	4,569,949.44	2,291,277.67
LAFARGE AFRICA PLC DIVIDEND 29	23-May-12	56,280,011.64	61,453,002.33	11,289,169.33	6,116,178.64
LAFARGE AFRICA PLC DIVIDEND 30	30-May-13	85,581,495.36	93,396,174.23	17,181,119.16	9,366,440.29
LAFARGE AFRICA PLC DIVIDEND 31	10-Jul-14	202,871,017.35	216,110,810.16	35,279,817.15	22,040,024.34
LAFARGE AFRICA PLC DIVIDEND 32	25-May-15	233,712,461.20	238,429,600.56	29,903,647.60	25,186,508.24
LAFARGE AFRICA PLC DIVIDEND 33	27-Jun-16	266,124,191.06	268,862,898.28	29,567,641.58	26,828,934.36
LAFARGE AFRICA PLC DIVIDEND 34	7-Jun-17	94,341,545.90	84,816,287.32		9,525,258.58
		1,152,020,632.67	1,178,808,083.76	149,154,870.61	122,367,419.52



COMPLAINTS MANAGEMENT POLICY OF LAFARGE AFRICA PLC

1. Preamble

This Complaint Management Policy ("the Policy") has been prepared pursuant to the requirements of the Securities & Exchange Commission's Rules Relating to the Complaints Management Framework of the Nigerian Capital Market ("SEC Rules") issued on 16th February, 2015 and The Nigerian Stock Exchange Directive (NSE/LARD/LRD/CIR6/ 15/04/22) to all Listed Companies ("the NSE Directive") issued on 22nd April, 2015.

Furthermore, this policy has been prepared in recognition of the importance of effective engagement in promoting shareholder/investor confidence in the company.

This 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 only relates to the Company's shareholders and does not extend to its customers, suppliers or other stakeholders.

2. Objective

This Policy is designed to ensure that complaints and enquiries from the Company's shareholders are managed in a fair, impartial, efficient and timely manner.

3. Lafarge's Commitment

Lafarge is committed to providing high standards of services for shareholders, including:

- Providing a platform for efficient handling of shareholder complaints and enquiries;

- Enabling shareholders to have shareholder related matters acknowledged and addressed;
- Providing sufficient resources to ensure that shareholders' complaints and enquiries are dealt with adequately, and in an efficient and timely manner; and
- Facilitating efficient and easy access to shareholder information.

4. Procedure for Shareholder Complaints/Enquiries

Shareholders can make complaints/enquiries and access relevant information about their shareholdings in the following manner:

- a) Contact the Registrar: Shareholders who wish to make a complaint/enquiry shall in the first instance contact the Registrar (see the contact details set out in section 8 of this Policy). The Registrar manages all the registered information relating to all shareholdings, including shareholder name(s), shareholder address and dividend payment instructions amongst others.

Upon receipt of a complaint or an enquiry, the Registrar shall immediately provide the relevant details of such complaint or enquiry to Lafarge for monitoring, record keeping and reporting purposes.

In resolving complaints or enquiries, the Registrar shall be guided by the timelines stipulated in clause 5 (c-f) of this Policy.

- b) Contact Lafarge's Company Secretary: If the Registrar is unable to satisfactorily

address shareholders' enquiries and resolve their complaints then shareholders should contact the office of the Company Secretary (see the contact details set out in section 9 of this policy).

5. Complaints/Enquiries received directly by Lafarge

Where a complaint or an enquiry is sent to Lafarge directly, the Company upon receipt of the complaint or enquiry, shall use its best endeavours to ensure that:

- a) relevant details of the complaint or enquiry are immediately recorded.
- b) a response is provided by the Company or the Registrar within the time frame set out in sub-clauses c-f below.
- c) complaints or enquiries received by e-mail are acknowledged within two (2) working days of receipt.
- d) complaints or enquiries received by post are responded to within five (5) working days of receipt.
- e) complaints or enquiries are resolved within ten (10) working days of receipt.
- f) The Nigerian Stock Exchange is notified, within two (2) working days, of the resolution of a complaint or enquiry.
- g) where a complaint / enquiry cannot be resolved within the stipulated time frame set out above, the shareholder shall be notified that the matter is being investigated. Delays may be experienced in some situations, including where documents need to be retrieved from storage.



h) the same or similar medium that was used for the initial enquiry is used in providing a response (whether by email, phone, post or fax), unless otherwise notified to or agreed with the shareholder.

6. Electronic Complaints Register and Quarterly Reporting Obligations

Lafarge shall maintain an electronic complaints register. The electronic complaints register shall include the following information:

The date that the enquiry or complaint was received.

- Complainant's information (including name, address, Telephone number, e-mail address).
- Nature and Details of the enquiry or complaint.
- Action Taken/ Status.
- Date of the Resolution of the complaint.

Lafarge shall also provide information on the details and status of complaints to the Securities and Exchange Commission or The Nigerian Stock Exchange on a quarterly basis.

7. Liaison with the Registrar

During the course of investigating a shareholder's enquiry, complaint or feedback, Lafarge may liaise with the Registrar. Lafarge's engagement with the Registrar will include:

- Determining the facts;
- Determining what action has been undertaken by the Registrar (if any); and

- Coordinating a response with the assistance of the Registrar.

8. Contact Details of the Registrar

The Registrar may be contacted as follows:

Cardinal Stone Registrars limited
358 Herbert Macaulay Way
Yaba, Lagos.

Telephone: +23417120090

Email:

registrars@cardinalstone.com

Website:

www.cardinalstoneregistrars.com

9. Contact Details of Lafarge's Company Secretary

Shareholders seeking to escalate unresolved complaints are invited to contact the Company Secretary as follows:

Office of the Company Secretary
27B Gerrard Road
Ikoyi, Lagos
Telephone: +2342713990
Website: www.lafarge.com.ng

10. Shareholder Access to this Policy

Shareholders will have access to this policy through the following avenues:

Lafarge's website (www.lafarge.com.ng); A copy of the Policy may be requested by contacting the Office of the Company Secretary.

The Policy shall be made available to shareholders of the Company through the Annual Report and Account

11. Fees and Charges

Wherever possible, and subject to statutory requirements, Lafarge will not charge shareholders for making enquiries, giving

feedback, providing a response or for any aspect in the course of resolving a shareholder matter.

Shareholders are informed that in some circumstances the Registrar may charge shareholders a fee (for example, to resend previous dividend statements upon request by the shareholder).

12. Amendment/Review of this Policy

Lafarge may from time to time review this Policy and the procedures concerning shareholder enquiries, complaints and feedback.

Any changes or subsequent versions of this Policy will be published on Lafarge's website (www.lafarge.com.ng).



Photo Reel



Chairman Lafarge Africa Plc, Mr. Mobolaji Balogun along with Company Secretary, Mrs. Adewunmi Alode and MD/CCEO, Mr. Michel Puchercos, at the 2018 Shareholders Forum.



Breast Cancer Awareness.



Chairman, Lafarge Africa Plc discussing with shareholders at the 2018 AGM.



Chairman, Lafarge Africa Plc greeting shareholders at the 2018 AGM.



Chairman Lafarge Africa Plc, Mobolaji Balogun, Head, Corporate Finance and Treasury, Victory Olumuyiwa and Company Secretary, Adewunmi Alode receiving the award for the largest corporate bond issuer on FMDQ from Vice Chairman, FMDQ OTC Securities Exchange, Jibril Aku at the 2018 FMDQ Gold Awards in Lagos.



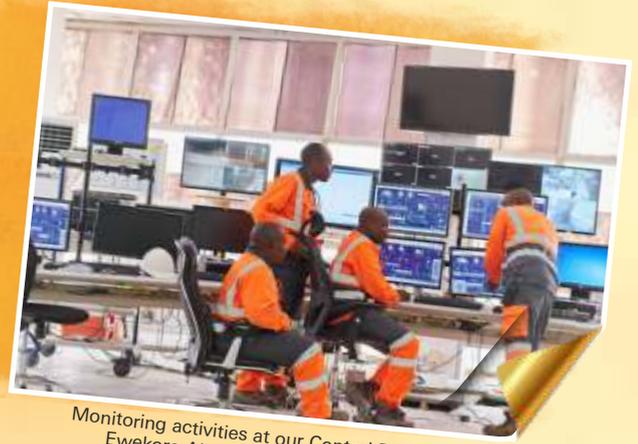
Activity during Global Health and Safety Days.



Celebrating Women's Day in Mfamosing.



Presentation at Sagamu Community Day.



Monitoring activities at our Control Room at Ewekoro Alternative Fuel Plant.



Lafarge Road Summit.



Ashaka Community Day.



Registration of guests at the 2018 AGM.



Celebrating World Environment Day 2018.



Celebrating National Day.



Lafarge Volunteer teaching primary school student to read.



E-DIVIDEND MANDATE ACTIVATION FORM

Affix
Current
Passport
(To be stamped by Bankers)

Write your name at the back of
your passport photograph

Only Clearing Banks are acceptable

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:

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
<input type="text"/>

TICK	NAME OF COMPANY	SHAREHOLDER'S ACCOUNT NO.
<input type="checkbox"/>	ACORN PET. PLC	
<input type="checkbox"/>	AFRIK PHARMECEUTICALS PLC	
<input type="checkbox"/>	AG HOMES SAVINGS & LOANS	
<input type="checkbox"/>	AG LEVENTIS	
<input type="checkbox"/>	ARBICO PLC	
<input type="checkbox"/>	BANKERS WAREHOUSE	
<input type="checkbox"/>	BETA GLASS	
<input type="checkbox"/>	CAPITAL HOTEL PLC	
<input type="checkbox"/>	ELLAH LAKES	
<input type="checkbox"/>	EVANS MED PLC	
<input type="checkbox"/>	FCMB BOND	
<input type="checkbox"/>	FCMB GROUP PLC	
<input type="checkbox"/>	FIDSON BOND	
<input type="checkbox"/>	G. CAPPALC	
<input type="checkbox"/>	GUINEA INSURANCE PLC	
<input type="checkbox"/>	IMB ENERGY MASTER FUND	
<input type="checkbox"/>	JOS INT. BREWERIES PLC	
<input type="checkbox"/>	KOGI SAVINGS & LOAN LTD	
<input type="checkbox"/>	LAFARGE AFRICA PLC	
<input type="checkbox"/>	LAFARGE BOND	
<input type="checkbox"/>	LAW UNION & ROCK PLC	
<input type="checkbox"/>	LEGACY FUND	
<input type="checkbox"/>	LIVESTOCK FEEDS PLC	
<input type="checkbox"/>	MORISON PLC	
<input type="checkbox"/>	MRS OIL PLC	
<input type="checkbox"/>	NAHCO BOND	
<input type="checkbox"/>	NAHCO PLC	
<input type="checkbox"/>	NEWPAK PLC	
<input type="checkbox"/>	N.G.C PLC	
<input type="checkbox"/>	NPF MICROFINANCE BANK PLC	
<input type="checkbox"/>	NULEC INDUSTRIES PLC	
<input type="checkbox"/>	OKOMU OIL PALM PLC	
<input type="checkbox"/>	REAN PLC	
<input type="checkbox"/>	TOTAL NIG. PLC	
<input type="checkbox"/>	TRANEX PLC	
<input type="checkbox"/>	WOMEN INVESTMENT FUND	

Help Desk Telephone No/Contact Centre Information for Issue resolution or clarification: 01-7120090



The Registrar
Cardinal Stone (Registrars) Limited
358, Herbert Macaulay Road
Yaba, Lagos
P. O. Box 9117, Lagos
Nigeria

PROXY FORM

LAFARGE AFRICA PLC 60TH ANNUAL GENERAL MEETING TO BE HELD ON MONDAY, 22ND JULY 2019 AT GRAND BANQUET HALL, OF THE CIVIC CENTRE, OZUMBA MBADIWE ROAD, VICTORIA ISLAND, LAGOS, AT 10AM.

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 onand at any Adjournment thereof.

Dated this _____ day of _____ 2019 Shareholder's Signature _____

RESOLUTIONS	FOR	AGAINST	ABSTAIN
ORDINARY BUSINESS			
1. To lay the Report of the Directors, the Audited Financial Statements for the year ended 31st December 2018 together with the Report of the External Auditors and Audit Committee thereon.			
2. To approve the appointment of the following Non-Executive Directors: a. Mr. Jean-Philippe Benard b. Ms. Karine Uzan Mercie			
3. To re-elect the following Non-Executive Directors: a) Mr. Adebode Adefioye b) Mrs. Elenda Giwa-Amu c) Mrs. Adenike Ogunlesi			
4. To fix the remuneration of External Auditors			
5. To elect members of the Audit Committee			
SPECIAL BUSINESS			
6. To fix the remuneration of the Directors.			
ORDINARY RESOLUTIONS			
7. Approval of Related Party Transaction To consider and, if thought fit, to pass, with or without amendment, the following resolutions: a. That the Company be and is hereby authorized to enter into a related party transaction involving the sale by the Company of its 33,823,992 ordinary shares in Lafarge South Africa Holdings Proprietary Limited ("LSAH") to Caricement B.V, a subsidiary of LafargeHolcim group (the "Purchaser") for a Consideration no less than US\$316,289,060.61 (Three Hundred and Sixteen Million, Two Hundred and Eighty Nine Thousand, Sixty Dollars Sixty One Cents)("Consideration"). b. That the Company be and is hereby authorized to receive the Consideration or any portion of it by a set-off of the Company's total indebtedness to the Purchaser under the existing Inter-Group Loan Agreements between the Company and the Purchaser as at the closing date of the share purchase agreement between the Company and the Purchaser. c. "That the general mandate given to the Company to enter into recurrent transactions with related parties for the Company's day-to-day operations, including the procurement of goods and services, on normal commercial terms in compliance with the Nigerian Stock Exchange Rules Governing Transactions with Related Parties or Interested Persons, be and is hereby renewed."			
8. Other Acts a. The Directors of the Company be and are hereby authorised to approve, sign and/or execute all documents, as may be necessary to give effect to the above resolutions, including without limitation, complying with the directives of any regulatory authority and all acts carried out, steps taken and documents executed (or to be executed), by the Directors of the Company in connection with the above resolutions be and are hereby approved and/or ratified as the case may be. b. The Company Secretary be and is hereby authorised to take all steps to give effect to these resolutions and, where applicable, to file and/or register same with the Corporate Affairs Commission.			

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:

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, the proxy form should be sealed with the Corporation's 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

60TH 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 Grand Banquet Hall, of the Civic Centre, Ozumba Madiwe Road, Victoria Island, Lagos on 22nd July 2019 at 10am.

Name of Shareholder: _____

Number of Shares Held: _____

Signature of Person attending: _____

The Registrar
Cardinal Stone (Registrars) Limited
358, Herbert Macaulay Road
Yaba, Lagos
P. O. Box 9117, Lagos
Nigeria

LIST OF DISTRIBUTORS

NO	NAME	LOCATION	NO	NAME	LOCATION
1.	A.J UZOMA INVESTMENT LIMITED	OWERRI	81.	MAYOR UNIVERSAL VENTURES LIMITED	ABUJA
2.	ANGEL ONYEBUCHI OGU BIZ VENTURES	AWKA	82.	NUHU SHEHU DAN MAHAWAYI	KADUNA
3.	ARIMAE CEMENT VENTURES	MBO	83.	RASHBELLO INTEGRATED VENTURES	KATCHA
4.	ASKON PROGRESSIVE NIG. COMPANY	OBUDU	84.	ROSE SEJ BUSINESS ENTERPRISES LTD	ABUJA
5.	AWARD COMMUNICATION & LINK	ABAKALIKI	85.	SABO DAN KOLI & SONS LIMITED	KANO
6.	B C NWABUOBI ENT	ENUGU	86.	SABI'U DAYYAB VENTURES	KANO
7.	BATOFRAMOJ E. ENTERPRISES	UYO	87.	SALE ABBA	GOMBE
8.	BEN CHUCKS VENTURES	OWERRI	88.	SRUM & ASSOCIATES LTD	KUBUWA
9.	BLESSED PATTOSA GLOBAL RES. LTD	BENIN CITY	89.	TEE QUE ZEE EXCEL LTD	ABUJA
10.	BUYUOT GOLD NIG LTD	ABAKILIKI	90.	UMAR NA-BURARI MAI KAWU	GOMBE
11.	C. U UYAELUMOH & SONS	AWKA	91.	UZOKAS INTERNATIONAL COMPANY LTD	MINNA
12.	C.C UMEH & SONS LTD	ENUGU	92.	Y. M. KYARI NIG LTD	KANO
13.	CHICO TRUST (NIG.)	BENIN CITY	93.	ALHAJI MOH'D SHIRA MAI KWAKWA	KANO
14.	CHINASA ASOGWA VENTURES	UMUAHIA	94.	ZAKARI BABAJI USMAN	GOMBE
15.	CHRIS-SUNNYNWODO BUSINESS EMPIRE	OTUOKE	95.	ABIODUN AKINLEYE	IBADAN/ ELEYELE
16.	CHY-KENS & SONS VENTURES LTD	ONITSHA	96.	ADE- ADEWUNMI NIG. ENT.	IBADAN/ ELEYELE
17.	DAVIDSON GLOBAL NIG ENT	OWERRI	97.	ADEKUNLE OSENI	AKURE
18.	DIVINE NICK & SONS	OGOJA	98.	ALEEM ADIAT & SON NIG. LTD.	ADO-EKITI
19.	EKEFIRE	OWERRI	99.	ALHAJA H. A. OLUWATOBILOBA	IKIRE
20.	ELIDEDE GLOBAL SERVICES	WARRI	100.	ALHAJA JOKE OJOGBEDE	MOWE
21.	ESTRA MARKS VENTURES	PORT HARCOURT	101.	CAROLINE AKINNUSI AND COMPANY	OKITI PUPA
22.	ETIM E. OKON & CO.NIG	CALABAR	102.	DAGUNRO IBILE VENTURES	OYO
23.	FAVOUR GLOBAL CONCEPT	ORLU	103.	DAVAL NIG. ENTERPRISES	AKURE
24.	F. JOGA NIG. CO	WARRI	104.	EBONY "D" GREAT ENT.	AMUWO ODOFIN
25.	FUGLE NIGERIA LIMITED	CALABAR	105.	EVOMEC GLOBAL SERVICES LTD	PORT-HARCOURT
26.	GLOBAL 50:50 CONCEPT NIG. LTD	OWERRI	106.	FUNMI FLORRY	ADO-EKITI
27.	GLOBAL SNCO (WA) LIMITED	ENUGU	107.	IBUKUN OLUWA ENT.	ADO-EKITI
28.	GLOJESAM INVESTMENT LTD	ABA	108.	IYA MILIKI & SONS	IJEBU-ODE
29.	GRACEMEKUS ENTERPRISE	CALABAR	109.	J. B. OKANLAWON	IKIRUN
30.	INFOR & BROS NIGERIA LIMITED	UMUAHIA	110.	ITE PROJEKTS LTD	OREGUN
31.	IVANATE NIG LTD	ORLU	111.	KAZAB HERITAGE LTD	AKUTE
32.	JANNY & SONS VENTURES LIMITED	AWKA	112.	LEKAN ADEYEMI	AKURE
33.	JOHN JEFF NIG. LTD	WARRI	113.	MABOS AYOK INV. CO. LTD.	OBANTOKO
34.	K.E.O MERCHANDISING COMPANY	EKET	114.	MADL GLORY VENTURES	ISEYIN
35.	KPAKSBUDDY NIGERIA LIMITED	UYO	115.	MASELIZ ENTERPRISES	AWOYAYA
36.	MCEVANS VENTURES LTD	ABA	116.	MRS S. A. FALANA	AKURE
37.	MEKUSGAMBA NIGERIA ENTERPRISES	OGIDI	117.	OYINBASHY ENTERPRISES	OTTA
38.	MYSTAN GLOBAL SERVICES	ORON	118.	RAFLYM NIGERIA LIMITED	IBADAN/ ELEYELE
39.	NACOM CONCEPTS NIGERIA LIMITED	EFFURUN	119.	S.O.J ENT.	IBADAN/ ELEYELE
40.	NICK N CHRISBLE NIG LTD	UYO	120.	STELLA DEE GLOBAL SERVICES LTD	OSOGBO
41.	NILS NIG ENT.	WARRI	121.	SUCCESS LINK	IFE
42.	OBI LINKS ENTERPRISE	ENUGU	122.	TEMI TOPE OIL NIG. LTD.	BADAGRY
43.	OBIOMA ENTERPRISES NIG. LTD.	UMUAHIA	123.	TITO VENTURES	IBADAN/ ELEYELE
44.	OGEROSE INTEGRATED SERVICES	PORT HARCOURT	124.	TRIDAC ENTERPRISES	OPIC IBAFO
45.	OSASCO OGIEMWONYI NIG. LTD	BENIN CITY	125.	VICROSS ENT.	ILISHAN
46.	RAYMOND OKOYE	ABA	126.	WAMOD OLOYE ENT. LTD	ISEYIN
47.	RUFPRIS VENTURES LTD	CALABAR	127.	AUNTY BOSE STORES	EPE
48.	TAMARK NIG. LTD	ORON	128.	ISMAILA AWOYINKA	ORE
49.	U. MEKASON TRADING STORES UWANI,	ENUGU	129.	KESMORAH AND SONS LTD	ILORIN
50.	UBOTEX NIG. LTD.	UYO	130.	B AND S VENTURES	ABEOKUTA
51.	UCHE COLLINS GLOBAL VENTURES	NSUKKA	131.	BLESSED CEMENT DEPOT	IBADAN NORTH
52.	UNEGBE VENTURES LTD	ENUGU	132.	ENTERPRISES GROWTH LTD	VICTORIA ISLAND
53.	GAB OKOYE NIG. ENTERPRISES	AWKA	133.	LUKAMED CHARITY VENTURES	IWO
54.	MEGA UCHECHI & SONS RESOURCES	IHIALA	134.	MORASH VENTURES NIG. ENT.	IKORODU
55.	O.K. ISOKARIARI & SONS (NIG) LTD	PORT-HARCOURT	135.	MRS ODEYEMI OMOLAYO	IKORODU
56.	OILSERV LIMITED	PORT HARCOURT	136.	OLLA ADAMS ENT.	LAGOS
57.	SALTY RIVERS CEMENT STORE	WARRI	137.	POSU GOLDEN APPLE ENTERPRISES	ABEOKUTA
58.	TOMBIM SERVICES LIMITED	PORT HARCOURT	138.	ROGLADE NIG. LTD.	AYOBO
59.	FESTY BASE ENT	UYO	139.	SKYTEE NIGERIA LIMITED	IJEBU ODE
60.	NKANTA & SONS NIG LTD	UYO	140.	VIHANO VENTURES	AGBARA
61.	ADAMU MOHAMMED ABBA	BAUCHI	141.	B-26 NIG. LTD	ABEOKUTA
62.	AL-AMIR ENTERPRISES	BAJOGA	142.	BOLU INTERNATIONAL SERVICES LTD	IKIRE
63.	AL-BABELLO NIG. LTD	SABON-GARI	143.	TAI - DEM & SONS	ABULE-EGBA
64.	ALH ALI BALARABE	KANO	144.	EWEKORO WORKS STAFF CO-OPERATIVE	LAGOS
65.	ALH. UMARU KAFIYEL BAJOGA,	GOMBE STATE	145.	ABUKAASSEM ENT	PORT HARCOURT
66.	ALHAJI LAWAN JIBRIN	KANO	146.	IGWEMADU OGUADIMMA	ABA
67.	ALHAJI MUHAMMAD	NASARAWA, LAWAN	147.	JAMIN ENTERPRISES NIG.	OBUDU
68.	ALI S KUDU ASHAKA	KANO STATE	148.	NGOMEG VENTURES	PORT HARCOURT
69.	BABANGIDA MOHAMMED INTER LTD	ASHAKA	149.	PRIME SOURCES LIMITED	LAGOS ISLAND
70.	BUBA MAGAJI "8" SONS	GOMBE	150.	ABUBAKAR JIBRIN	ASHAKA
71.	CHUMON NIG LTD	BUKURU	151.	AHMED GOJE ENTERPRISES	GOMBE
72.	ELEGANCE CONSTRUCTION LTD	DAMATURU	152.	AL-MANAS PETRO GAS LTD	ASHAKA, FUNAKAYE
73.	GIANT BRIDGE NIG LTD	KANO	153.	KBJAMIU TRADING COMPANY	GOMBE
74.	HAMMAMU YUSUF KALIFA	ASHAKA	154.	BUKS GENERAL ENTERPRISES	MOWE
75.	IFECO HERITAGE NIG ENTERPRISE	KANO	155.	I. J. ATOFOLAKI NIGERIA LIMITED	OKOKOMAIKO
76.	LAB ASSIST NIGERIA LIMITED	ABUJA	156.	MAKINTOSH MAKINDE NIGERIA LTD	IJOKO TOWN
77.	MADUWA ROADS & CONSTRUCTION NIG	KADUNA	157.	MRS ONISAROTU MULIKAT ABIODUN	OKOKOMAIKO
78.	MAI-YALE NIG. LTD	GOMBE	158.	SAMAD KUNLE INVESTMENT LIMITED	AGO PALACE, OKOTA
79.	MAIYAKI GENERAL MERCHANT LTD	BAUCHI TOWNSHIP	159.	KABEC NIG. LTD	OHAFIA
80.	MAMU OIL NIGERIA LIMITED	ZARIA	160.	PASTOR SYLVANUS MBACHU	OWERRI
			161.	SIMPURE TRANSPORT SERVICES	IDIROKO ROAD

