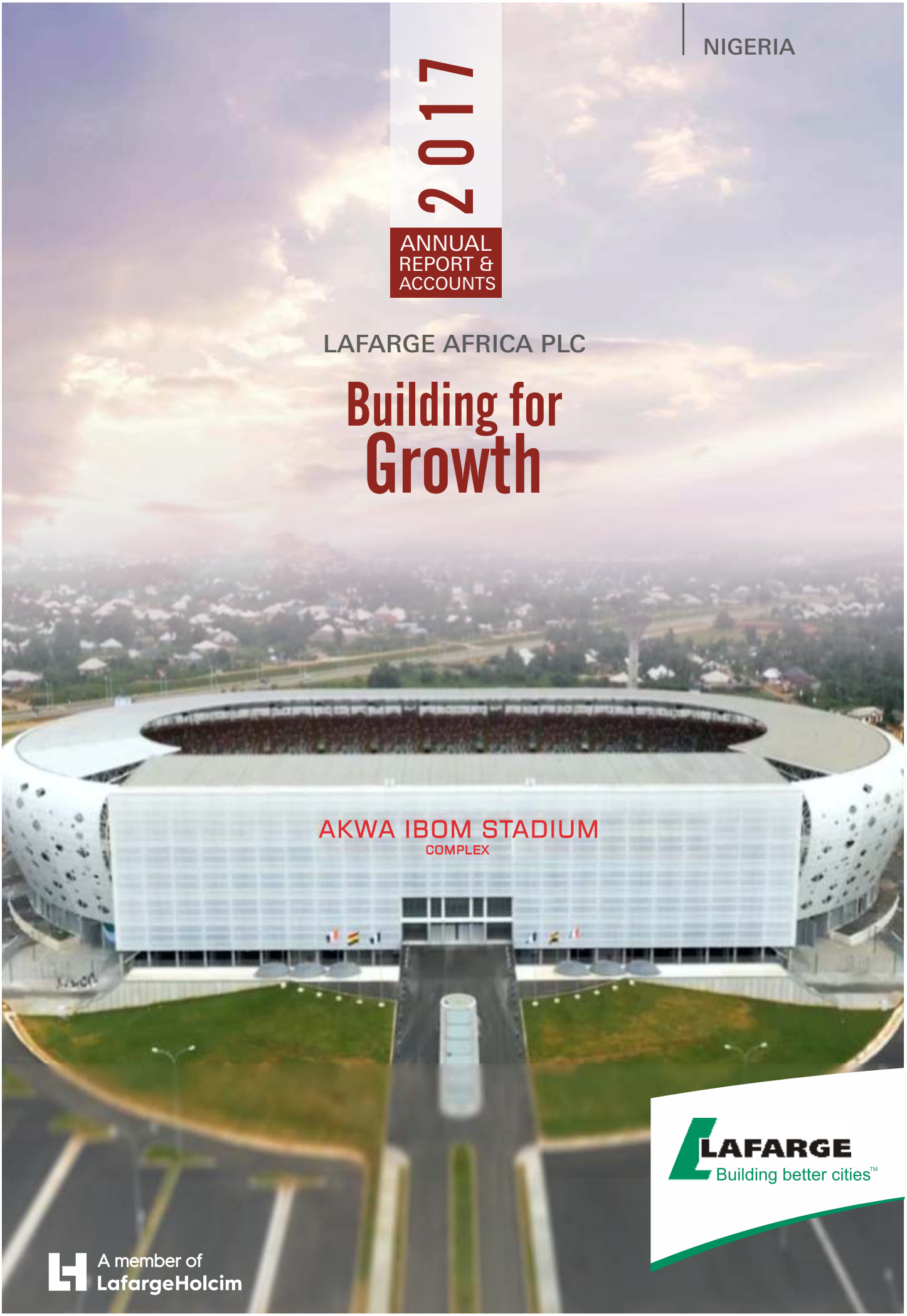
NIGERIA

2017

ANNUAL REPORT & ACCOUNTS

LAFARGE AFRICA PLC

Building for Growth



LAFARGE
Building better cities™

A member of LafargeHolcim

Mfamosing Plant,
Cross River State

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Profile Presentation

Lekki-Ikoyi Link Bridge
built with Lafarge Products

TOGETHER WE DELIVER, WE WIN!

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

CUSTOMERS:
Build an organization and culture that is centered on markets and customers

RESULTS:
Passion to achieve goals and deliver with rigorous execution, with zero harm to people

INTEGRITY:
Create an environment where compliance is a central focus and commitment

SUSTAINABILITY:
Demonstrate leadership in environment stewardship and role-modeling responsibility to future generations

PEOPLE, OPENNESS AND INCLUSION:
Truly care for and respect every individual

Lafargeholcim: Building for Growth

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

We enjoy a top three position in 80% of our markets. Our global presence allows us to disseminate best practices and innovative products, while our R&D teams develop products and solutions that deliver more to our customers.

LafargeHolcim's new Strategy 2022, "Building for Growth", aims to drive profitable growth and simplify the business to deliver resilient returns and attractive value to stakeholders. The new strategy will shift gears towards growth of the top and bottom line over the next five years.

GROWTH

SIMPLIFICATION & PERFORMANCE

FINANCIAL STRENGTH

VISION & PEOPLE

Jan Jenisch
Chief Executive Officer

NET SALES GROWTH

3-5%
ANNUALLY

FREE CASH FLOW TO RECURRING EBITDA

>40%

RETURN ON INVESTED CAPITAL

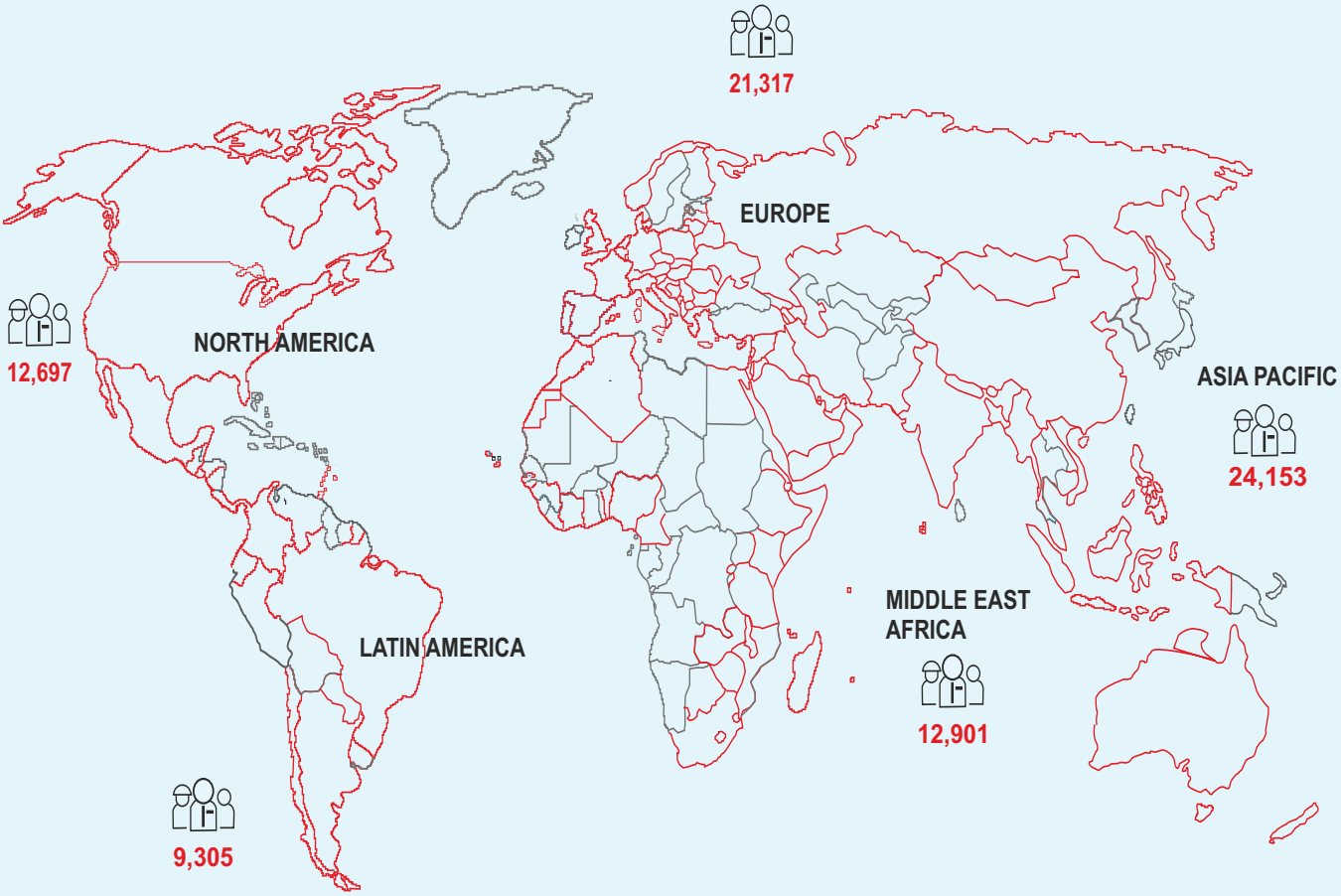
>8%

RECURRING EBITDA GROWTH

AT LEAST
5%
ANNUALLY

Where we operate

Headquartered in Switzerland, LafargeHolcim operates in 80 countries. This geographic diversity reflects our global and well-balanced footprint, which aims to provide our customers with the best service and operational expertise locally.



LafargeHolcim global presence (highlighted in red) as of 12/31/2017.
Figures reflect the number of employees in each region.

Lafarge Africa Plc
- A Leader in Sub-Saharan Africa

Chairman, Mr. Mobolaji Balogun with the Honourable Minister for Power, Works and Housing, Babatunde Raji Fashola SAN and the CEO, Mr. Michel Puchercos

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 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 an installed cement production capacity of 10.5MTPA and has plans to grow 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 operations

NIGERIA

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 The Product portfolio includes five brands- Elephant Cement, a general purpose cement - a multi-use product suitable for majority of the applications; Supaset, a fast-setting and rapid strength gaining cement specifically designed for the needs of the block-makers; Powermax, a high strength cement for the sophisticated contractor segment; Etex, a high performance cement designed to 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 3 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 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 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 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 and 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 S.A. holds interests in several South African entities. LSAH is a leading building materials platform with significant scale and a balanced portfolio of assets across cement, aggregates, ready-mix concrete (RMC) and pulverized fly ash (collectively referred to as sub segments).

Lafarge Africa Plc - A Leader in Sub-Saharan Africa

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 Plc 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 Readymix

Lafarge Readymix Nigeria Limited is a wholly owned subsidiary of Lafarge Africa Plc, and now a market leader in Quality Concrete Solutions. Leveraging the Group's considerably long years of global experience in the Readymix business, Lafarge Readymix produces quality and innovative concrete and aggregates solutions for small and large construction works.
Lafarge Readymix currently operates in Lagos, Abuja and Port-Harcourt, as a project customer enabler, driving quality and innovation as well as promoting a sustainable environment for generations to come.

Readymix South Africa

Through LSAH, Lafarge Africa Plc owns one of the three largest national aggregates producers in South Africa, operating a total of 21 aggregates quarries across 6 provinces. In the Readymix segment, LSAH owns one of two national operators, with 53 Readymix plants and 6 Readymix mobile plants, with a combined capacity in excess of 3 million cubic metres. Ash Resources comprises an estimated "run of station" production capacity of c.4.1MTPA, by far the largest in South Africa.

02

Lafarge Africa Plc

Products & Innovative Solutions

National Assembly Complex,
Abuja built with Lafarge products

KNOW OUR PRODUCTS

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.

Special Purpose Cement for Key Account

Lafarge Powermax is a premium technical cement that combines superior strength and performance for building durable civil and structural works that requires high strength concrete for bridges, high rise buildings, mass concrete pour, dams and reservoirs.

Lafarge ReadyMix Concrete

Lafarge produces ReadyMix concrete that is constantly of high quality for excellent structural performance. We offer the convenience of international standard concrete mix delivered to your site.

LAFARGE
Building better cities

"An initiative of Marketing Department"

Lafarge Africa Plc Products & Innovative Solutions

At an exhibition fair of Lafarge Africa Products in Lagos.

Lafarge Africa is home to formidable cement brands, concrete solutions and value adding construction services of impeccable standard and quality that have served the Nigerian market for decades with resounding strength, maturity, resilience, durability and reliability. Designed using the best technology, our products are engineered for projects that have and continue to stand the test of time.

Some notable landmarks built with Lafarge products include:

- The National Assembly Complex, Abuja;
- Lekki-Ikoyi Bridge;
- Federal Secretariat, Abuja;
- Third Mainland Bridge, Lagos;
- MKO Abiola Gardens, Lagos;
- Cocoa House, Ibadan;
- Premier Hotel, Ibadan;
- Zaranda Hotel, Bauchi;
- 8.6km Jimeta Bridge, Yola;
- Emir's Palace, Gombe;
- 23 Story building Bank of North, Kano;
- Apti American University, Yola;
- Tinapa Business and Leisure Resort, Calabar;
- Akwa Ibom International Stadium, Uyo;
- Calabar International Conference Center,
- University of Nigeria, Enugu Campus;
- Enugu State Government Secretariat;
- Enugu State Government House

Lafarge Africa has been contributing to the development of Nigeria for over fifty years. We put our values at the forefront of the way we do business: health & safety, environmental protection, people development, corporate governance and social responsibility.

A member of LafargeHolcim, the world leader in building solutions, our innovative products and services provide cities with more housing, making them more compact, more durable, more beautiful and better connected.

www.lafarge.com.ng

A member of
LafargeHolcim

LAFARGE
Building better cities ™

03

Corporate Governance

Oriental Hotel built with Lafarge Products

Directors' and Other Corporate Information

Directors

Mr. Mobolaji Balogun	Chairman
Ms. Sylvie Rochier	Vice-Chairman
Mr. Guillaume Roux (resigned w.e.f. 6th April 2018)	Director
Mr. Michel Puchercos	Group Managing Director/CEO
Mr. Jean-Christophe Barbant (resigned w.e.f. 7th June 2017)	Director
Mr. Joe Hudson (resigned w.e.f. 7th June 2017)	Director
Mrs. Oludewa Edodo-Thorpe (resigned w.e.f. 7th June 2017)	Director
Dr. Adebayo Jimoh (resigned w.e.f. 6th April 2018)	Director
Mr. Adebode Adefioye	Director
Mr. Jean-Carlos Angulo	Director
Mr. Thierry Metro (resigned w.e.f. 7th June 2017)	Director
Alhaji Umaru Kwairanga (resigned w.e.f. 6th April 2018)	Director
Dr. Shamsuddeen Usman CON, OFR	Director
Mrs. Elenda Giwa-Amu	Director
Mrs. Adenike Ogunlesi	Director
Ms. Geraldine Picaud (appointed w.e.f. 7th April 2018)	Director
Mr. Christof Hassig (appointed w.e.f. 7th April 2018)	Director
Mr. Grant Earnshaw (appointed w.e.f. 7th April 2018)	Director

Company Registration Number

RC 1858

Company Secretary

Mrs. Adewunmi Alode

Registered Office

Lafarge Africa Plc
No 27B, Gerrard Road,
Ikoyi
Lagos

Independent Auditors

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

Registrar

Cardinal Stone (Registrars) Limited
[formerly City Securities (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 Limited
Stanbic IBTC Bank Limited
United Bank for Africa Plc
Wema Bank Plc
Zenith Bank Plc

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 59th Annual General Meeting (AGM) of LAFARGE AFRICA PLC will hold at the Zinnia Hall, Eko Hotel and Suites, Plot 1415 Adetokunbo Ademola Street, Victoria Island, Lagos on Wednesday, 16th May 2018 at 11am to transact the following businesses:

ORDINARY BUSINESS

1. To lay the Audited Financial Statements for the year ended 31st December 2017 together with the Report of the Directors, External Auditors and Audit Committee thereon;

2. To declare a dividend;

3. (i) To approve the appointment of the following Directors:
   a. Ms. Geraldine Picaud (Non-Executive Director)
   b. Mr. Christof Hassig (Non-Executive Director)
   c. Mr. Grant Earnshaw (Non-Executive Director)

   (ii) To re-elect the following Directors:
   a. Mr. Mobolaji Balogun
   b. Mr. Jean-Carlos Angulo

4. To authorize 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. To authorize the Company to enter into recurrent transactions with related parties necessary for the day-to-day operations, including among others, the procurement of goods and services in compliance with the rules of the Nigerian Stock Exchange governing transactions with related parties or interested persons.

Special Resolution:

8. That, subject to regulatory approval, the Board of Directors be and is hereby authorized to raise additional capital of up to ₦100,000,000,000 (One Hundred Billion Naira) for the Company, through an offer of debt and/or equity in the domestic and/or international capital markets to be carried out in such manner, at such time, for such consideration and upon such terms and conditions as the Board of Directors may deem fit; and that in connection with the raising of additional capital, the Board of Directors be and is hereby further authorised to appoint such advisers or other professional parties as it may deem necessary, on such terms and subject to such conditions as the Board of Directors may deem appropriate.

   That Directors be and are hereby authorized to complete and do all such acts and things (including executing all such documents as may be required) to give effect to the transactions as authorized by the resolutions.

Notes

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.

DIVIDEND

If the proposed dividend recommended by the Directors is approved by members at the AGM, dividend will be paid on Wednesday, 16th May 2018 to shareholders whose names appear in the Register of Members at the close of business on Friday, 20th April 2018. Shareholders who have completed the e-dividend Mandate Form will receive a direct credit of the dividend into their bank accounts on the date of the Annual General Meeting, while dividend warrants for shareholders who have not completed the e-dividend Mandate Form shall be posted on the same day.

Notice of Annual General 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 this 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, 23rd April 2018 to Friday, 27th April 2018 (both dates inclusive) to enable the Registrar to update its records in preparation for the payment of dividend.

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 Registrar as "unclaimed". The list of all unclaimed dividend will be circulated with the Annual Report and Financial Statements. Any member affected by this notice is advised to write to or call the office of the Company's Registrar, Cardinal Stone Registrars Limited. The list of unclaimed dividend can be accessed at the Registrar's office or via the Company's website: www.lafarge.com.ng

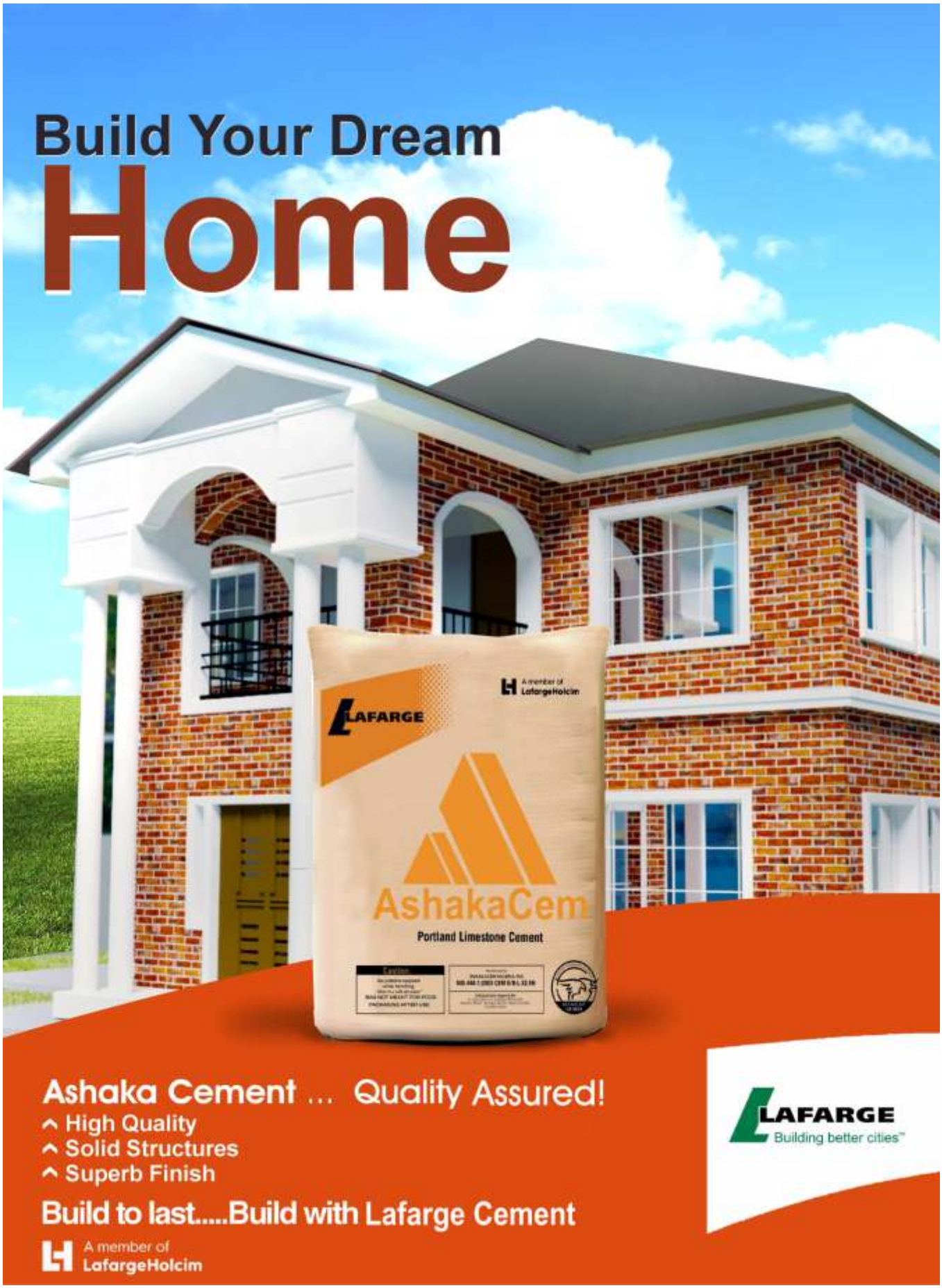
RIGHT TO ASK QUESTIONS

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 approval and re-election can also 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 6th April 2018
27B Gerrard Road,
Ikoyi, Lagos


Build Your Dream
Home
LAFARGE
A member of LafargeHolcim
AshakaCem
Portland Limestone Cement
Ashaka Cement ... Quality Assured!
High Quality
Solid Structures
Superb Finish
Build to last.....Build with Lafarge Cement
A member of LafargeHolcim
LAFARGE
Building better cities™

Financial Highlights

For the year ended 31st December, 2017

in thousands of naira

	2017 ₦'000	2016 ₦'000	Change %
Revenue	299,153,305	219,714,112	36%
Gross profit	50,759,667	40,661,690	25%
Operating profit	7,885,506	12,439,914	-37%
(Loss)/profit after tax	(34,601,409)	16,898,781	-305%
Minority Interest	407,998	302,786	35%
Retained profit	160,257,556	102,842,886	56%
Share capital	2,787,888	2,740,367	2%
Shareholders' fund	156,986,755	248,952,548	-37%
Proposed dividend	13,010,143	5,754,771	126%
Per Share data (kobo)			
(Loss)/earnings - Basic (k)	(637)	315	
(Loss)/ earnings - Diluted (k)	(631)	315	
Dividend (k)	150	105	
Net assets (k)	2,816	4,542	
Number of employees	3,335	3,601	

Mobolaji **Balogun**

Chairman, Board of Directors

Chairman's Statement

Fellow Shareholders, I am delighted to welcome you all to the 59th 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, 2017.

You may recall that in 2014 and with the approval of our shareholders we commenced a phased journey to transform the Company from a regional cement player in Nigeria to a Company with operations across Nigeria but also in South Africa with diversified product offerings in building materials. In 2017 and as was approved at the last AGM, both Egyptian Cement Holdings BV and Nigeria Cement Holdings BV; the two Netherland entities through which Lafarge Africa owned United Cement Company of Nigeria Limited ("Unicem") were liquidated with the result that the 100% ownership of Unicem became direct, thus removing the tax inefficiencies embedded in this multi-layered ownership put in place by the former owners of Unicem. Subsequent to this liquidation and as was also approved at the last AGM, Unicem and Atlas Cement Company Limited, both 100% owned subsidiaries were merged into Lafarge Africa via a Scheme of Merger approved by the Securities & Exchange Commission ("SEC") and sanctioned by the Federal High Court.

In April 2017, the shareholders of AshakaCem Plc ("Ashaka") at an Extraordinary General Meeting ("EGM") passed a resolution to delist the company from the Nigerian Stock Exchange ("NSE") having been in breach of free float requirement of the Exchange. In support of the process, Lafarge Africa offered an Exit Option on the same terms as the Tender Offer. Subsequent to this, the shareholders of Ashaka in October 2017 at an EGM, passed by an overwhelming majority a resolution to approve the terms of a Scheme of Reorganization of its Share Capital. At the conclusion of the Scheme which was approved by the Securities & Exchange Commission and sanctioned by the Federal High Court, the entire share capital of Ashaka is now 100% owned by Lafarge Africa. This transaction was completed in time to enable all the minorities migrating from Ashaka to participate in the Lafarge Africa Rights Issue. With the completion of these transactions the Company is now poised to realize the full potential synergies in a much more streamlined group structure.

RIGHTS ISSUE

The completion of the above steps provided the required platform to address the urgent issue of the capital structure of the Company and in particular the foreign currency debt including shareholder loans owed to our major shareholder LafargeHolcim, which peaked at around US$600 million at the end of 2016. These loans were largely in respect of capital expenditure for the completion of cement production line 1 and the erection and commissioning of Line 2 at Unicem, being 5.0 mtpa. In order to address the impact on the business, US$300 million was hedged via Non-Deliverable Forward FX Contracts provided by the Central Bank of Nigeria ("CBN").

A further step was the launch of the Rights Issue which was approved by shareholders at the last AGM at a maximum of ₦140 billion with the opportunity available for any shareholder with loans including LafargeHolcim to convert their debts into equity. Subsequently, we launched a ₦131.6 billion Rights Issue, the largest ever Rights Issue in Nigeria. The offer was 100% subscribed and LafargeHolcim as part of its subscription converted some US$261 million from the debt owed it, to equity. The proceeds from the subscriptions received in cash further provided the opportunity to repay another US$82 million of the LafargHolcim shareholder loans, including

Chairman's Statement

accumulated unpaid accrued interests. The conclusion of the Rights Issue has helped to significantly reduce the FX debt exposure by 50% and the Board of Directors is already reviewing options to deal with the remaining FX debt. I wish to thank all of our shareholders including LafargeHolcim for the major vote of confidence in following their Rights.

BUSINESS ENVIRONMENT

Nigerian Operations

In the second half of 2017 the recession which began in 2015 reversed with Gross Domestic Product ("GDP") recovered gradually from negative territory. The recovery was made possible partly by the resurgence in global crude oil price and more market driven FX policies of the CBN. This has meant stability in FX rate allowing businesses to source needed raw materials for production and much needed encouragement for Foreign Direct and Portfolio Investments into the economy. While the impact of this recovery has gradually begun to be felt across various sectors of the economy, construction activities lagged this recovery in 2017 with overall domestic demand for cement which closed at 22.6mt for 2016, down to 18.5mt for 2017, a circa 18% reduction, from the 8% CAGR seen in the 5 years prior to 2016. Thankfully, we have begun to see in Q1 2018, a resurgence in demand and hopefully as is usual in pre-election years, domestic demand for building materials will see a significant increase.

South African Operations

South Africa's economy has gradually begun to recover growth, albeit, marginally with GDP for 2017 at 0.7% compared with 0.3% in 2016. With a significant portion of this growth coming from mining and the agricultural sectors, construction activities remain slow. While steps taken by government to limit dumping of cement have had a stabilizing impact on cement selling prices, it has shown little or no impact on the overall demand for cement. The commitment of the South African government to increase spending on infrastructure over the next few years, provide some hope for a recovery in demand.

RESULTS FOR THE YEAR

Cement selling prices recovered in 2017 which helped to partly off-set the impact on cost of production of the over 40% devaluation of the local currency in 2015 and the consequent spike in local inflation. This helped to strengthen group turnover to ₦299.2 billion from ₦219.7 billion recorded in 2016, an increase of 36%. However, as a result of the overall drop in domestic demand, cement dispatched in 2017 was lower by 15.6% compared with 2016. Operating profit for the year was ₦7.9billion, down by 37% compared with ₦12.4 billion for 2016. Net financing cost increased by ₦6.5 billion to ₦41.8 billion leading to a loss before tax of ₦34.3 billion compared with a ₦23.1 billion loss recorded for the corresponding period of 2016. Going forward the benefit of the restructuring of the capital structure of the Company largely completed would help to significantly reduce the cost of financing and currency translation risk.

PROPOSED DIVIDEND

The Board of Directors is mindful of the support of all our shareholders through the difficult but necessary journey to transform the Company into a more agile and correctly financed business ready to benefit from the potential opportunities in Nigerian building materials. In view of this and despite the loss after taxation recorded for the year, the Board of Directors is proposing for approval by shareholders a dividend payment of ₦1.50 per share. This proposal includes the additional shares that were listed following the conclusion of the Rights Issue. The proposed dividend if approved by shareholders is payable net of applicable taxes on 16 May, 2018 and represents a 45 kobo increase per share on the 2016 dividend.

CORPORATE SOCIAL RESPONSIBILITY

Our Corporate Social Responsibility report which sets out our key activities during the year under review is on pages 46 to 52 of the Annual Report. As in previous years, the Lafarge Africa National Literacy Initiative is one of our CSR flagships and it now covers the entire nation. With several displaced persons in Nigeria today and the number of children out of school, it means that if ever we are going to rise as a country to the challenge of the future, the education of our children must be a matter of priority. I am therefore delighted that as a company we continue to make measurable impact on this front.

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 Co_2 emissions reduction through increased use of bio-fuels as alternative to fossil fuel for our cement manufacturing operations. We are also focused on affordable housing, provision of basic health care and gender diversity. In March 2018, the Geocycle business of LafargeHolcim was launched in Lafarge Africa. Geocycle is the waste treatment and management activity of LafargeHolcim with a global network present in more than 50 countries. Geocycle services preserve natural resources and play an important role in reducing the carbon footprint of the Group's manufacturing plants. Geocyle 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 adoption of the Geocycle brand, demonstrates our support for the environment and differentiates us from competition. As our Geocycle initiative grows, we will contribute to the cleanliness of our cities, maintaining the health of our people and creating jobs.

BOARD

At the last AGM, shareholders passed a resolution to reduce the size of the Board. Following this resolution, Mrs. Oludewa Edodo-Thorpe, Mr. Joseph Hudson, Mr. Thierry Metro and Mr. Jean-Christophe Barbant resigned from the Board. Mrs. Edodo-Thorpe was the first Nigerian woman to join the Board of the Company and served for nine years. Joe Hudson ran the Lafarge Wapco business as we began the transition to Lafarge Africa and he is very much missed by his Board colleagues, staff, shareholders and our customers alike. Thierry Metro contributed in no small way to the excellence we have built in energy. Jean-Christophe Barbant as Country CEO presided over some key strategic initiatives which provided the foundation for the creation of Lafarge Africa. I wish to express our gratitude to all of these Directors for their long and diligent service to the Company and wish them success in all of their future endeavours.

In April 2018, Mr. Guillaume Roux, Dr. Adebayo Jimoh and Alhaji Umaru Kwairanga resigned from the Board. Shareholders will recall that Guillaume who was on the Global Executive Committee of Lafarge SA, was Lafarge Africa's first Group Managing Director and Chief Executive Officer until July 2015 and led the strategic vision for the transformational journey that commenced in 2013. After his retirement from LafargeHolcim, he remained on the Board as Vice-Chairman. Dr Jimoh served the Board for 7 years, initially representing O'dua Investments and later as an Independent Director. Alhaji Kwairanga joined the Board of Lafarge Africa in 2015 after more than a decade as a non-executive Director and then Chairman of AshakaCem Plc. All of these gentlemen brought unique value-addition to the Board of Directors and our company as we implemented various initiatives to transform the Company. On behalf of the Board and shareholders, I wish to thank them for their unparalleled commitment and long service to the Company and wish them success in their future endeavours.

To fill the vacancies, Ms. Sylvie Rochier, a Director of your company since July 2012 was appointed as Vice-Chairman and Geraldine Picaud, Mr. Christoff Hassig and Mr. Grant Earnshaw, all senior executives of LafargeHolcim were appointed to the Board of Directors on 7th April 2018. These appointments will be ratified by shareholders at this AGM. Their profiles are on pages 28 to 31 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 myself, and Mr. Jean-Carlos Angulo.

FUTURE OUTLOOK

With the gradual recovery from recession, stability in exchange rates and inflation increasingly under control, the Nigerian economy is now poised for growth and along with the significant gap in infrastructure provides optimism for increased domestic demand for building materials which is expected to be buoyed by pre-election spending. To support the anticipated growth in demand we are implementing a new route-to-market initiative. It is expected that the improvements in our logistics operations, increased vehicle turn-around and third party provider fleet size, will help to support the new route-to-market initiative.

CONCLUSION

On behalf of the Board, I would like to express my appreciation to all our stakeholders particularly our management and staff who continue to play a key role in ensuring that our operations are carried out unhindered in a challenging economic environment. Our key partners namely our distributors, customers, transporters, suppliers, bondholders, banks, other service providers and our host communities also deserve our appreciation for their support during 2017.

Our largest shareholder, LafargeHolcim continue to provide substantial commercial and technical support to our operations and their support was key to the transformation of the Company and in particular the successful conclusion of the largest ever Rights Issue which will be to the benefit of all our shareholders.

Finally, I thank my fellow Directors for their selfless service to the company and to our shareholders. Their insight and commitment has continued to guide the company, through this challenging period.

My colleagues on the Board, distinguished shareholders, ladies and gentlemen, once again I welcome you to the 59th AGM of your company and invite you to participate in the agenda of the meeting.

Thank you.

Mobolaji Balogun
Chairman
Lafarge Africa Plc

Board of Directors and Company Secretary

1. Mr. Mobolaji Balogun *Chairman*
2. Ms. Sylvie Rochier *Vice-Chairman*
3. Mr. Michel Puchercos *GMD/CEO*
4. Mr. Adebode Adefioye *Member*
5. Mr. Jean-Carlos Angulo *Member*
6. Dr. Shamsuddeen Usman CON, OFR *Member*

7. Mrs. Elenda Giwa-Amu *Member*
8. Mrs. Adenike Ogunlesi *Member*
9. Ms. Geraldine Picaud *Member*
10. Mr. Christof Hassig *Member*
11. Mr. Grant Earnshaw *Member*
12. Mrs. Adewunmi Alode *Company Secretary*

Directors' Profile

MR. MOBOLAJI OLUDAMILOLA BALOGUN - *Chairman*

Mr. 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.

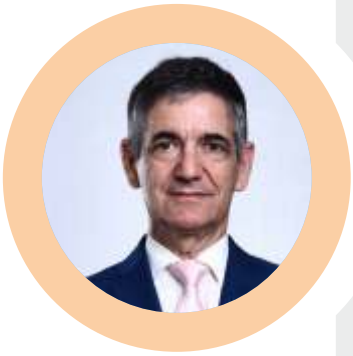
MS. SYLVIE ROCHIER - *Vice Chairman*

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

She joined the Group Central Finance Services in 2000 and has since then occupied several key roles including Group Vice President, Investment Projects and Group Senior Vice President, Finance. She was also the Financial Controller of Air Products and Chemicals. Inc.

Sylvie Rochier holds other Directorship positions as Chairman of Scarcell Therapeutics SAS, member of the Board of Directors of Cimencam, LafargeHolcim Guinée, LafargeHolcim Côte d'Ivoire and SCB Lafarge.

She joined the Board of Lafarge Africa Plc. on the 26th July 2012 and appointed as Vice-Chairman of the Board with effect from 7th April 2018.



MR. MICHEL PUCHERCOS - *GMD/CEO*

Mr. Michel Puchercos 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.

MR. ADEBODE ADEFIOYE
- Director

Mr. Adebode Adefioye joined the Board of the Company on the 20th December 2012. He has a rich work experience spanning over 32 years.

Mr. Adefioye is a graduate of the University of Lagos and holds a Master 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.

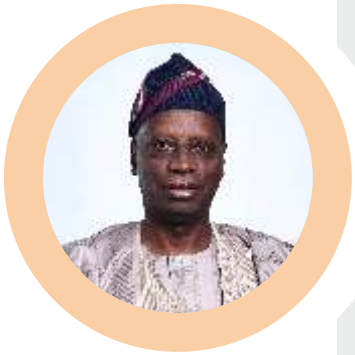
MR. JEAN-CARLOS ANGULO *- Director*

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

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

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

He joined the Board of Lafarge Africa Plc on the 20th March 2012 as a non-executive Director. He is also a non-executive Director of AIBIOMA SA (listed in Paris) and member of the supervisory Board of Armacell SA (Luxembourg).



DR. SHAMSUDDEEN USMAN, CON, OFR
– Director

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

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

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

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

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

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

MRS. ELENDA GIWA-AMU
- Director

Mrs. Elenda Giwa-Amu is the CEO, Chandrea Lifestyle Limited, an Interior design company. She was the MD (Acting) Cross River State Torism 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.

MS. GERALDINE PICAUD
- Director

Ms. Geraldine is a trained auditor with 20 years of experience leading and transforming Finance teams in complex, multinational companies in the United Kingdom, United States of America, France and Switzerland. She holds a Master's degree in Business Administration from Reims Superior School of Commerce.

Prior to joining LafargeHolcim Group in 2018, she was Group CFO and member of the Executive Committee, Essilor International, Paris, France, CFO, Volcafe Holdings Limited (ED & F Man Coffee Division), Zurich, Switzerland, Head of Corporate Finance in Charge of M&A, ED & F Man, London, UK and CFO, Safic Alean SAS, Paris France. She is currently the Chief Financial Officer of LafargeHolcim.

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

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.

MRS. ADEWUNMI ALODE - *Company Secretary*

Adewunmi Alode was appointed as the Company Secretary of the Company on the 12th of December 2017. She 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.

Prior to joining the Company in 2008, she was Company Secretary of Unicorn Holdings Limited. She has assumed 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.

Adewunmi has over twelve years working experience as an in-house counsel and private legal practice.

Leadership Team

01	Michel Puchercos	GMD/CEO
02	Bruno Bayet	Chief Financial Officer
03	Abdel-lleh Chouar	Industrial Director
04	Bruno Hounkpati	Ag. Logistics Director
05	Fidelia Osime	Organization & H R Director
06	Graeme Bride	Health and Safety Director
07	Lolu Alade-Akinyemi	Procurement Director
08	Marlene Kiniffo- Zounon	Sales Director
09	Vipul Agrawal	Ag. Marketing Director
10	Edith Onwuchekwa	Legal & Compliance Director
11	Folashade Ambrose-Medebem	Communications/Public Affairs & Sustainable Development Director
12	Helmut Korak	Country Security Manager
13	Rabiu Umar	Managing Director, Ashaka
14	Bestow Enuma Akeze	Head of Aggregates & Concrete

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 for the year ended 31st December, 2017.

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 Ready-Mix Nigeria Limited and Lafarge South Africa Holdings (Pty) Limited. Following the Scheme for the re-organisation with Ashakacem Plc, the Company now holds 100% of Ashakacem shares.

During the year, the Company merged with two of its wholly owned subsidiaries, United Cement Company of Nigeria Limited and Atlas Cement Company Limited on 22 December 2017. The merger was duly approved by the Shareholders and relevant regulatory authorities. Further details of the merger is set out on page 112 (Note 17.1).

3. PRINCIPAL ACTIVITIES

During the year under review, the principal activities of 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

LAFARGE AFRICA PLC	Group		Company	
	31Dec 2017	31 Dec 2016	31Dec 2017	31 Dec 2016
	₦'000	₦'000	₦'000	₦'000
Revenue	299,153,305	219,714,112	177,170,362	87,198,416
(Loss)/Profit before minimum tax	(34,032,277)	(22,818,718)	(7,098,191)	19,888,762
Income tax credit/(expense)	(281,460)	39,988,662	(5,837,763)	889,586
(Loss)/Profit after tax	(34,601,409)	16,898,781	(13,223,626)	20,778,348
Other comprehensive income for the year, net of taxes	18,819,032	1,654,521	163,168	46,775
Total comprehensive (loss)/income for the year	(15,782,377)	18,553,302	(13,060,458)	20,825,123

5. DIVIDEND

The Board of Directors is proposing a gross dividend of ₦1.50kobo (2016:N1.05kobo) for every ordinary share amounting to NGN13,010,143,705 (2016:NGN5,754,771,087.45). The total dividend proposed if approved by shareholders is payable from the pioneer profits, hence not subject to deduction of withholding tax. The dividend is subject to approval by the shareholders at the Annual General meeting on 16th May 2018.

6. SHAREHOLDING AND SUBSTANTIAL SHAREHOLDERS

The issued and fully paid-up Share Capital of the Company as at 31st December 2017 was 5,575,775,442 ordinary shares of 50kobo each. The Register of Members show that three companies: Associated International Cement Limited (AIC UK) holding 29.27%, Lafarge Associated Nigeria Limited holding 13.93% and CariCement BV holding 28.16% held more than 5% of the Company's Issued share capital. The remaining 28.65% of the issued shares were held by other individuals and institutions.

LafargeHolcim is an international investor holding its shares in the names of its subsidiaries: AIC UK (29.27%), Lafarge Associated Nigeria Limited (13.93%), and CariCement BV (28.16%).

Aside the aforementioned three companies, no other shareholder held more than 5% of the issued share capital of the Company as at 31st December 2017.

7. PROPERTY, PLANT & EQUIPMENT

Information relating to changes in property, plant & equipment is disclosed in Note 15 to the Financial Statements.

Directors' Report

8. SHAREHOLDING ANALYSIS

The Registrars have advised that the range of shareholding as at 31st December 2017 was as follows:

Range		No of Holders	Percent	Unit	Percent
1	500	47,340	39.38	12,001,752	0.22
501	5,000	59,782	49.74	94,563,289	1.69
5,001	50,000	11,619	9.66	155,654,592	2.79
50,001	500,000	1,280	1.06	165,523,041	2.97
500,001	5,000,000	161	0.13	232,929,430	4.18
5,000,001	50,000,000	30	0.03	516,968,234	9.27
50,000,001	500,000,000	3	0.00	419,699,306	7.53
500,000,001	5,575,775,442	3	0.00	3,978,435,798	71.35
	Grand Total	120,218	100.00	5,575,775,442	100.00

9. UNCLAIMED DIVIDEND AND SHARE CERTIFICATES

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

The Company's Registrars have advised that the total amount outstanding as at 31st December 2017 is the sum of ₦1,146,001,470.95 of which the sum of ₦1,133,554,101.78 was returned to Lafarge Africa Plc in line with the rules of the Securities and Exchange Commission leaving the cash balance of ₦97,310,718.45 with the Company's Registrars.

10. DIRECTORS' RESPONSIBILITIES IN RELATION TO THE FINANCIAL STATEMENTS

The Directors accept responsibility for the preparation of the annual financial statements set out on page 56 that gives 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 C.20, Laws of Federation of Nigeria, 2004 and the Financial Reporting Council of Nigeria Act 2011.

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.

11. 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 as recorded in the Register of Members and/or notified by them are as follows:

Directors' Report

Name	No. of Shares 28.03.18	No. of Shares Direct 31.12.17	No. of Shares Indirect 31.12.17	No. of Shares Direct 31.12.16	No. of Shares Indirect 31.12.16
Mr. Mobolaji Balogun	4,000,000	2,510,331	NIL	2,103,302	NIL
Ms. Sylvie Rochier	NIL	NIL	NIL	NIL	NIL
Mr. Guillaume Roux (resigned w.e.f. 6th April 2018)	NIL	NIL	NIL	NIL	NIL
Mr. Michel Puchercos	NIL	NIL	NIL	NIL	NIL
Mr. Jean-Christophe Barbant (resigned w.e.f. 7th June 2017)	27,602	27,602	NIL	27,602	NIL
Mr. Joseph Hudson (resigned w.e.f. 7th June 2017)	42,266	42,266	NIL	42,266	NIL
Mrs. Oludewa Edodo-Thorpe (resigned w.e.f. 7th June 2017)	129,554	99,446	NIL	75,316	NIL
Dr. Adebayo Jimoh (resigned w.e.f. 6th April 2018)	250,755	161,200	NIL	161,200	NIL
Mr. Jean-Carlos Angulo	NIL	NIL	NIL	NIL	NIL
Mr. Adebode Adefioye	NIL	NIL	NIL	NIL	NIL
Mr. Thierry Metro (resigned w.e.f. 7th June 2017)	NIL	NIL	NIL	NIL	NIL
Dr. Shamsuddeen Usman, CON,OFR	75,782	48,710	NIL	48,710	NIL
Mrs. Elenda Giwa-Amu	203,550	203,550	NIL	203,550	NIL
Mrs. Adenike Ogunlesi	NIL	NIL	NIL	NIL	NIL
Alhaji Umaru Kwairanga (resigned w.e.f. 6th April 2018)	405,111	318,149	NIL	318,149	NIL
Ms. Geraldine Picaud (appointed w.e.f. 7th April 2018)	NIL	NIL	NIL	NIL	NIL
Mr. Christof Hassig (appointed w.e.f. 7th April 2018)	NIL	NIL	NIL	NIL	NIL
Mr. Grant Earnshaw (appointed w.e.f. 7th April 2018)	NIL	NIL	NIL	NIL	NIL
Grand Total	5,134,620	3,411,254	NIL	2,980,095	NIL

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.

12. DIRECTORS' INTEREST IN CONTRACTS

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

13. DONATIONS AND CHARITABLE GIFTS

In 2017, the Company expended ₦661,627,952 on diverse social investment programs and initiatives in our communities in Nigeria. The breakdown is as follows:

Community Development Projects in Ashaka, Ewekoro, Mfamosing and Sagamu	₦552,927,952
Lafarge Africa National Literacy Competition	₦98,000,000
Donations & other charitable gifts	₦10,700,000
Total	₦661,627,952

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 under review.

Directors' Report

14. 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 58th Annual General Meeting held in Lagos on the 7th of June 2017 comprising of three (3) shareholders and three (3) Board members namely: Mr. Olawale Oyedele, Chief Peter Asu, Mr. Adebayo Adeleke (shareholders' representatives) and Mr. Adebode Adefioye, Mrs. Adenike Ogunlesi and Mrs. Elenda Giwa-Amu (Board members).

15. AUDITORS

In accordance with section 357(2) of the Companies and Allied Matters Act, KPMG Professional Services was appointed by the Directors during the year under review to replace Ernst & Young as External Auditors of the Company. Messrs. KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as auditors to the Company. A resolution will be proposed to authorize the Directors to fix their remuneration.

Corporate Governance Report

Lafarge Africa Plc continues to adopt 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.

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

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.

1. THE 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 Directors. In 2017, the Board comprised of Ten (10) Non-Executive Directors and One (1) Executive Director.

The composition of the Board is a mix of an Executive and Non-Executive Directors with high level of competencies and experience, with enviable records of achievements 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 meets regularly to consider the matters reserved for it, set broad policies for the Company's business and operations and ensures that a professional relationship is maintained with the Company's auditors in order to promote transparency in financial and non-financial reporting.

Directors' Report

3. BOARD CHANGES

In conformity with the reduction in Board size which was approved at the last Annual General Meeting, Mrs. Oludewa Edodo-Thorpe, Messrs Joe Hudson, Thierry Metro and Jean-Christophe Barbant resigned from the Board with effect from the 7th June 2017.

In 2018, Mr. Guillaume Roux (Vice-Chairman), Dr. Adebayo Jimoh, and Alhaji Umaru Kwairanga resigned from the Board on 6th April, 2018. Ms. Sylvie Rochier was thereafter appointed as the Vice-Chairman with effect from the 7th of April 2018 following the resignation of Mr. Roux.

To fill the vacancies created by the resignation of the above-mentioned Directors, the Board Nominations and Remuneration Committee recommended the appointment of:

a. Ms. Geraldine Picaud (Non-Executive Director)
b. Mr. Christof Hassig (Non-Executive Director)
c. Mr. Grant Earnshaw (Non-Executive Director)

The profiles of the newly appointed Directors are contained in this Annual Report. Their appointments as Directors will be presented for ratification by the Shareholders at the 2018 Annual General Meeting of the Company.

4. RETIREMENT BY ROTATION

In accordance with Articles 97 to 99 of the Articles of Association of the Company, the Directors to retire by rotation and who being eligible, offer themselves for re-election are Mr. Mobolaji Balogun and Mr. Jean-Carlos Angulo. Their performances in the Director's evaluation conducted for the year 2017 were satisfactory. The profile of the retiring Directors can be found on pages 28 and 29 of the Annual Report.

5. THE 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 2017 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 2017, the Board met five (5) times in the course of the year under review in line with the formal schedule and met five (5) times for unscheduled emergency meetings due to the Scheme for the re-organisation with AshakaCem, the Scheme of Merger between the Company, United Cement Company of Nigeria Limited and Atlas Cement Limited and the Rights Issue programme. The record of attendance of the Directors at the scheduled meetings is as follows:

S/N	NAME	DESIGNATION	NO. OF MEETINGS
1.	Mr. Mobolaji Balogun	Chairman	5/5
2.	Mr. Guillaume Roux**	Member	5/5
3.	Mr. Michel Puchercos	Member	5/5
4.	Mr. Jean-Christophe Barbant*	Member	3/5
5.	Mr. Joe Hudson*	Member	2/5
6.	Mrs. Oludewa Edodo-Thorpe*	Member	3/5
7.	Dr. Adebayo Jimoh**	Member	5/5
8.	Ms. Sylvie Rochier	Member	5/5
9.	Mr. Adebode Adefioye	Member	5/5
10.	Mr. Jean-Carlos Angulo	Member	5/5
11.	Mr. Thierry Metro*	Member	3/5
12.	Alhaji Umaru Kwairanga**	Member	5/5
13.	Dr. Shamsuddeen Usman, CON, OFR	Member	5/5
14.	Mrs. Elenda Giwa-Amu	Member	3/5
15.	Mrs. Adenike Ogunlesi	Member	4/5

* means the Director resigned from the Board with effect from 7th June 2017.
** means the Director resigned from the Board on the 6th April 2018.
Dates of formally scheduled Board Meetings held in 2017: 20th March 2017, 20th April 2017, 19th July 2017, 19th October 2017, 12th December 2017.

Directors' Report

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 five (5) scheduled meetings and five (5) 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:

S/N	NAME	DESIGNATION	NO. OF MEETINGS
1.	Dr. Shamsuddeen Usman	Chairman	4/5
2.	Mr. Jean-Christophe Barbant*	Member	2/5
3.	Ms Sylvie Rochier	Member	5/5
4.	Mrs. Elenda Giwa – Amu	Member	4/5
5.	Mr. Guillaume Roux*	Member	5/5
6.	Dr. Adebayo Jimoh*	Member	3/5
7.	Mr. Michel Puchercos	Member	5/5

* means the Director either ceased to be a member or became a member in July 2017

Dates of Finance and Strategy Committee scheduled meetings held in 2017: 21st February 2017, 19th April 2017, 18th July 2017, 18th October, 2017, 11th December 2017

(ii) Nomination and Remunerations Committee

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

The Committee meets as the need arises to review the composition of the Board, recommend 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 met once in the year on the 19th of October 2017. The table below shows the attendance of the members of the Committee at the meeting:

S/N	NAME	DESIGNATION	NO. OF MEETINGS
1.	Mr. Jean-Carlos Angulo	Chairman	1/1
2.	Mrs. Elenda Giwa – Amu	Member	1/1
3.	Mr. Adebode Adefioye	Member	1/1
4.	Mr. Guillaume Roux*	Member	1/1
5.	Ms Sylvie Rochier	Member	1/1

* means the Director either ceased to be a member or became a member of the committee.

(iii) Risk Management & Ethics Committee

The Risk Management and Ethics Committee is saddled with the following 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 materialising, the Company's ability to reduce the incidence and the impact on its business, if the risks do materialise.

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

S/N	NAME	DESIGNATION	NO. OF MEETINGS
1.	Mr. Adebayo Jimoh*	Chairman	2/3
2.	Mrs. Oludewa-Edodo Thorpe*	Member	1/3
3.	Mr. Jean-Carlos Angulo	Member	3/3
4.	Dr. Shamsuddeen Usman	Member	2/3
5.	Mrs. Adenike Ogunlesi	Member	3/3
6.	Alhaji Umaru Kwairanga	Member	2/3
7.	Mr. Jean-Christophe Barbant*	Member	1/3
8.	Mr. Michel Puchercos	Member	3/3

* means the Director either ceased or became a member of the Committee

Dates of Risk Management and Ethics Committee meetings held in 2017: 20th April 2017, 18th July 2017, 12th October 2017

(iv) Property Optimisation Committee

This Committee is charged with the responsibility of considering optimisation of the Company's properties. The Committee met five times during the year. 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	5/5
2.	Dr. Adebayo Jimoh	Member	5/5
3.	Mrs. Oludewa Edodo-Thorpe*	Member	2/5
4.	Mrs. Adenike Ogunlesi	Member	5/5
5.	Alhaji Umaru Kwairanga	Member	5/5
6.	Dr. Shamsuddeen Usman*	Member	2/5
7.	Mr. Michel Puchercos	Member	4/5

* means the Director became a member of the Committee in July 2017

Dates of Property Optimisation Committee meetings held in 2017: 20th April 2017, 6th June 2017, 18th July 2017, 18th October 2017, 11th December 2017

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

S/N	NAME	DESIGNATION	NO. OF MEETINGS
1.	Mr. Olawale Oyedele	Chairman	4/5
2.	Mr. Adebayo Adeleke	Member	5/5
3.	Chief Peter Asu	Member	3/5
4.	Mr. Adebode Adefioye	Member	5/5
5.	Dr. Adebayo Jimoh*	Member	2/5
6.	Mrs. Elenda Giwa - Amu	Member	4/5
7.	Mrs. Adenike Ogunlesi**	Member	3/5

* means the Director ceased to be a member

** means the Director became a member of the Committee in June 2017.

Dates of Audit Committee meetings held in 2017: 22nd February 2017, 20th March 2017, 17th July 2017, 17th October 2017, 8th December 2017.

8. BOARD EVALUATION

In line with the Securities and Exchange Commission's Code of Corporate Governance 2011, an assessment of the Board's operations during the year 2017 was conducted.

Directors' Report

The assessment included a review of the Board's organisation and practices and an assessment of the Board Committees. A summary of the 2017 performance evaluation results revealed the Chairman as highly rated by other Directors of the Company. The organisation and practices of the Board was also found to be satisfactory.

9. INDUCTION & CONTINUING TRAINING FOR DIRECTORS

All new directors participate in the Company's Induction Program, upon election as a director. This induction includes presentations intended to familiarise new directors with the Company's operations, strategic plans, its compliance programs, its Code of Business Conduct and Ethics, its principal officers, and its internal and independent auditors.

All other directors are also invited to attend the Induction Program and receive continuing education regarding the Company's operations and the industry. The Company attaches great premium to continuous training of its Directors.

10. EXECUTIVE COMMITTEE

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

11. INSIDER TRADING

The Company formulated an Insider Trading Policy, in line with 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 two (2) days after its publication (Non-Authorised Trading Periods).

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

12. ANTI-BRIBERY AND CORRUPTION STATEMENT

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

- conducting its business dealings and relationships in an ethical manner and with the highest level of integrity, in accordance with the Group's Anti-Bribery and Corruption policies included 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 Plc commits to comply with the Group directives and applicable laws on anti-bribery and corruption as well as ensure that its business practices reflect this commitment.

13. ETHICS AND CODE OF BUSINESS CONDUCT

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

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

14. 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 a sustained dialogue with a broad spectrum of stakeholders, at all levels.

15. 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 directly accessible 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 at the Company's website: www.lafarge.com.ng.

16. 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 whistle blowing lines and email address.

17. HEALTH & SAFETY

In Lafarge Africa Plc, Health & Safety is our core value. In 2017, significant progress was made with the initiative which started in 2016 to imbibe health and safety as a core value for every employee, contractor and stakeholders we interact with as a business.

We have continued to make progress with the implementation of the Health and Safety road map to transform Lafarge Africa Plc to a business that operates in a way that is incident and injury free. The goal remains to create a business where our products are manufactured and delivered to our customers with zero harm. Put simply to operate in a way that no person is injured or negatively impacted by our business operations.

Directors' Report

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

To create this safety culture in Lafarge Africa Plc, in 2017 a strong focus was given to Logistics Safety, with emphasis on skills and establishment of structured systems to mitigate the risks associated with transporting our goods to our customers on the roads. A stronger modernized fleet of trucks with the latest safety features was introduced, more structured and focused driver trainings, assessment and certification going beyond the traditional defensive driver training was started to improve the driving skills and change drivers behaviors. In tandem, the use of technology to monitor and give drivers and transport operators real time feedback on drivers performance was introduced.

Across the Company's operations, health and safety leadership skills were developed to create increased ownership and accountability covering all managers, supervisors, line workers and contractors. This was to ensure that at every level, an aligned mind set on health and safety was shared where everyone understood how their actions determine the results the business delivers in Health and Safety.

At the plants, capacity in technical safety was further developed with certified trainings in critical high risk areas such as scaffolding, working at height as well as general trainings to all workers and contractors to anticipate hazards, assess risks and mitigate personnel exposures.

Health and Safety engagements with our host communities continued in the year, two thousand school children were briefed and issued with high visibility clothing as part of a road safety awareness campaign, motorbike associations around our operations were engaged on safe driving and awareness session with crash helmets issued. The Company's clinics also provided consultations and medication to members of our host communities.

The annual Health & Safety days in 2017 were themed around "Stop Unsafe Work" with engagements and activities occurring at all facilities, manufacturing sites and in our communities to mobilize the teams to take actions in situations where persons are exposed to potential risks. The engagement sessions included coaching, sharing of knowledge and experiences. These are all in alignment with the Company's vision.

18. ORGANISATION & HUMAN RESOURCES (O&HR)

2017 was a year focused on consolidating on the gains from our integration by building an organisation equipped to deal with current business challenges, prepare for the challenging future and be ready to take advantage of the opportunities that the future business terrain is sure to throw up in the next five years.

Organisational Development & Talent

In doing this, we have restructured teams for improved effectiveness, recruited a number of mid-career professionals to existing teams with core skills and competencies required to drive the business; embarked on various high quality capacity building initiatives; and rolled out programmes that have enhanced engagement.

Structured and conscious talent management has resulted in strategic long-term movements into key positions in the last year, as well as short-term assignments aimed at filling knowledge gaps, exposing identified talent and creating room for growth and development.

Occupational Health & Safety

The Biennial Comprehensive Medical Tests for all employees focused on lifestyle screening, nutrition, work-related disorders and cancers. The tests recorded more than 80% participation across the business. Individual reports were confidentially interpreted to all participants and further reinforced with health awareness talks at all locations.

To further enhance collaboration in 2017, our Occupational Health & Safety department collaborated with the commercial team to conduct occupational health and safety training for major customers at the China Civil Construction (CCECC), Lagos and Canaan City Consortium Otta, Ogun State.

Directors' Report

Our facilities at Ewekoro and Ashaka received a boost with the completion and commissioning of the new in-house clinics in November and December 2017 with medical personnel from International SOS on site to provide medical and occupational health services.

Other notable occupational health & safety department activities during the year included the Workplace First Aid training which sought to refresh the skills of our First Aiders, as part of our medical emergency response plan.

Employee Engagement

Lafarge Africa continued to strengthen its commitment to building a culture where employees are aligned with corporate outcomes and are able to perform at their very best.

In 2017, several programmes were implemented to foster a culture that promotes frequent interaction and accessibility across all levels of the organisation. Some of these are regular engagement meetings with teams, individual check in sessions and team retreats. These programmes were designed to strengthen the integral communication structure of the business thereby providing clarity on business direction, increasing participation and involvement of employees in business improvements drive and encouraging innovation and creativity of our workforce.

The Lafarge Sports Day which was held in August 2017 across all locations provided a platform for interaction and bonding amongst employees and their families. These events were packed with fun activities for employees and their children, and had in attendance the country CEO and other members of the ExCo at the grand finale in Lagos.

We reviewed the on-boarding programme for new hires to improve on employee productivity, performance, overall talent retention and to help integrate them quicker into the business. In 2017, sixty one new hires went through our onboarding programme; exposing them to all aspects of the business enabling them experience a seamless transition into the organisation.

Learning & Development

As the organization continues to evolve, we continue to equip our employees with both technical and management skills to hone their competencies, to prepare them to cope with challenging environments and a sustainable future.

A robust management development programme which covered over 80% of our new managers was one of our many learning interventions in building capacity, to harness the new skillsets required for the team performances throughout the year. The business focus for 2017 was to build and develop a strong retail model as a major driver for a sustainable business in Nigeria. To achieve this, the Company launched the Sales Excellence agenda premised on developing and equipping our Sales team to serve our customers better and to sell more effectively.

In 2017, the Company further optimized its talents to achieve efficiency in all its operations. To support this exercise, the Organisation & Human Resources Department offered training on Entrepreneurial Development skills to exiting employees to prepare and equip them for the change by providing pragmatic financial advisory services through our providers.

In line with our commitment to live our values, we continued to build competencies and empower our employees with life skills training on Personal Financial Education. This programme hinged on enabling employees improve their financial stability while in paid service and to ensure the security of their financial future.

A mandatory Anti-trust and Competition Law training was launched to promote fair competition and economic efficiency. The course also highlights "red flags" i.e situations that present a risk of violations and legal liability, including enforcement, and civil and criminal penalties associated with violations of Competition law.

As part of the company's commitment to achieve an Incident and Injury Free (IIF) working environment within its business operations, the IIF training was rolled out across our business location with the aim of reinforcing the need for employees and contractors to be responsible for their personal safety.

LIFE, a programme targeted at frontline supervisors, was launched in March 2017 with the objective to equip them with skills and competencies that could help them lead teams in a safe, effective and sustainable manner. Each participant was attached to a coach and charged with the delivery of a health and safety project that impacts the plant operations directly.

Coaching was a big theme for the business in 2017 resulting in several career moves and improved performance in roles.

Directors' Report

A major feat in the year 2017 was the development of plant staff registered on technical certification paths, focused on the improved certification programmes for Central Control Room Operators, Maintenance Inspectors and Planners. This indeed created a radical shift in the technical competence of the candidates with obvious improvement in plant performances.

The Cement Professional Development Programme was also launched in 2017 which featured young secondary school leavers being enrolled into a 3 year all-expense paid programme. This programme enriches technical pipelines, engages young school leavers in the communities where we operate and provides employment opportunities for them.

We also commenced the Industrial Synergy Programme to foster cultural diversity and inclusion in addition to skill /knowledge transfer.

Resourcing & Diversity

One of the key HR priorities was ensuring the efficient acquisition of competent resources to occupy identified key roles in the organisation. By leveraging on various networking tools and partnerships, significant and strategic skills were added to the organisation with a focus on current business challenges, future opportunities and sustainable business development.

We also identified strong talent internally and gave them new challenges.

The organisation joined millions of women all over the world to celebrate International Women's Day on March 8, 2017. The theme was "Be Bold for Change". Working with external facilitators, we celebrated female employees and challenged them to be bold and own their development and careers. Events of the day were tailored towards inspiring women to be more daring in their chosen fields of endeavor across all our operations.

Employment of Physically Challenged Persons

Lafarge Africa Plc is an equal opportunity employer and does not discriminate on any grounds. Therefore we provide employment opportunities to physically challenged persons bearing in mind the respective abilities of the applicants concerned. In the event that an employee becomes physically challenged while in the employment of the Company, every effort is made to ensure that their employment with the Company continues and that appropriate training and support is given to them. The Company has one physically challenged person in its employment.

19. RISK MANAGEMENT

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

20. SUSTAINABILITY REPORT

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

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

21. PROTECTION OF THE ENVIRONMENT

At Lafarge Africa, we set ourselves on the path to full regulatory compliance whilst also sustaining innovative performances in the areas of waste to wealth. We commissioned and completed the study to upgrade our Quarry Rehabilitation Program for all our mining sites. Also in the areas of Emissions Monitoring and Reporting, we have now purchased the state of the art Continuous Emission Monitoring equipment for stack dust monitoring for installation in all our main stacks.

Lafarge Africa remained committed to co-processing alternative fuels and raw materials (i.e. palm kernel shells, hydrocarbon sludge, etc). This activity demonstrated our will to sustain the development of the Waste Management industry needed in Nigeria and to further preserve the environment and the communities within our sphere of operation.

The operations in Ewekoro and Sagamu plants benefitted from an increased usage of waste materials as fuel thereby contributing to the reduction of Co_2 emissions. The continuous use of alternative fuel in our cement plant also freezes gas for other usage especially power.

We had earlier signed a Memorandum of Understanding (MOU) with the Ogun State Government and the Nigeria Sovereign Investment Authority (NSIA) in the presence of His Excellency, President Mohammadu Buhari on 15th September, 2015 in Paris. We remained on track towards optimising the full potential of the MOU and transforming the non-profit company in charge of implementing environmental projects in Ogun (Waste waters, Municipal Waste, Degraded land rehabilitation) into a fully functional company. The 108,000 ha Imeko Aworo Land Degradation Neutrality (LDN) Project, in particular, which was validated by United Nations Convention to Combat Desertification, UNCCD, was presented in China in 2017, in the UNCCD COP 13, as one of the ten transforming LDN projects. A positive global recognition for the Company.

Lafarge Africa Plc is fully aligned to the Sustainable Development (SD) goals of the UN and has localised her 2030 SD plan in alignment with the Group's objectives. The Company is set to maximize the benefits of the Clean Development Mechanism (CDM) application by the United Nations Framework Convention for Climate Change (UNFCCC). The CDM allows emission-reduction projects in developing countries to earn Certified Emission Reduction (CER) credits, each equivalent to one ton of CO2 under the Kyoto Protocol. The mechanism stimulates sustainable development and emission reductions."

BY ORDER OF THE BOARD

ADEWUNMI ALODE (MRS.)
FRC/2018/ICSAN/00000017796
Company Secretary
Dated this 6th April 2018

2017 Sustainability Report

Delivering Value to Stakeholders Within and Outside Our Fence

At Lafarge Africa Plc, we continue to deliver on our commitment to partner with and develop communities across Nigeria. We consistently develop social citizenship initiatives to create better lives, and enhance local economies and wealth for people.

Our vision is to be recognized as an innovative business leader, demonstrating shared values in its operating communities alike, enabling social, economic and environmentally sustainable development, to the benefit and in close partnership with all its stakeholders.

Lafarge Africa's sustainability approach fully aligns with the LafargeHolcim Group's Sustainability Strategy - The 2030 Plan. Our 2030 Plan (Building for Tomorrow) revolves around four pillars – Climate, Circular Economy, Water and Nature, and People and Communities. As a result of our resolute focus on The 2030 Plan, we are able to consistently achieve growth and add value to all our stakeholders.

LafargeHolcim's 2030 Plan aligns with a large majority of the 17 United Nations Sustainable Development Goals. Our desire as a business is to continue to contribute towards making the world a better society.

Our Corporate Social Responsibility (CSR) strategy hinges on the values of creating shared value and integrity.

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 cisease rate <0.1 We wil 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 solutons	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 People We will engage in collective action to combat vruvert & corruption in high risk countries
Innovative solutions	Low-carbon cement & concrete Insulating concrete Thermal-mass solutions	Low-carbon cement & concrete Insulating concrete Thermal-mass solutions	Rainwater harvesting Pervious concrete Stormwater protection Vertical green solutions	Affordable bousing materials and colutions Affordable sanitation solutions

Tree planting for environment conservation in Lagos

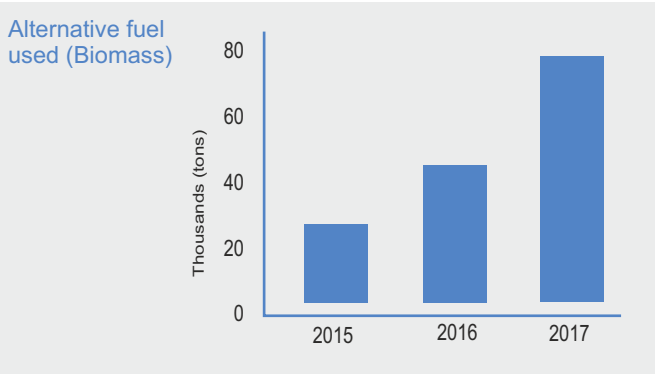
Contributing to Environmental Sustainability

We desire to meet the Environmental Regulatory obligations and to fully comply using the most advanced standards. Our newest plants, Ewekoro II and Mfamosing are fully baghouse-compliant, and will target lower limits of emissions leveraging modern technologies.

Our collective action to develop the quarry rehabilitation program across the country is also a step towards achieving the Group's 2030 sustainability plan under the Water and Nature pillar which helps us to contribute to biodiversity. Indeed the execution of our actions will gradually restore the sites and enrich the ecosystem with flora and fauna for both the terrestrial and aquatic habitats.

Our activities in Nigeria are driving economic growth in our villages and towns with the use of biomass in Lafarge Africa plants. Waste, which was being hitherto thrown away, has now created new industries employing thousands of people directly and indirectly. This growing waste industry is expected to redirect up to 400,000 tons of waste to Lafarge Africa plant for use as renewable energy and over 25 million tons globally within the LafargeHolcim Group in the next five years.

We also continued the promotion of use of renewable energy in our operations. Over 1.1 million giga joules of energy represented by 75,000 tons of biomass were used to replace equivalent energy of fossil fuel. This is an increase of 40% compared to 2016.



Donation of sanitation items to the Ministry of Environment, Gombe State

In 2017, Lafarge Africa further demonstrated its commitment to building partnerships to achieve the Sustainable Development Goals in Nigeria by joining the Private Sector Advisory Group as a co-lead of the Sustainable Cities & Communities cluster. The Private Sector Advisory Group Nigeria is an alliance of business leaders of major companies which provides guidance & strategic support to the Federal Government of Nigeria to achieve implementation of the UN Sustainable Development Goals in Nigeria.

L-R: Chris Obi, Public Affairs Manager; Aliyu Ma'aji, Head Public Affairs; Princess Adejoke Orelope-Adefulire, Senior Special Assistant to the President on SDGs; Folashade Ambrose-Medebem, Director Communications, Public Affairs & Sustainable Development, Lafarge Africa Plc. at the confirmation of Lafarge as Private Sector Advisory Group (PSAG) board member Co-leading Cluster 8.

We focus on improving availability of clean and safe water across our host communities. To alleviate water scarcity, a common challenge, we continue to invest heavily in the construction of boreholes (increasingly solar-powered boreholes). Over the past decade, we have constructed more than 100 boreholes in communities around our Sagamu Plant, and have constructed over 20 in 2017 alone. Across the rest of Nigeria, it is considerably more.

Enabling People and Communities

We launched the 2016 Sustainability Report as a demonstration of our commitment to promoting best practices, as well as transparency and accountability in engagements with our internal and external stakeholders.

In 2017, Lafarge Africa Plc. funded several developmental programs and projects within our host communities across the country under our social investment pillars of:

- Health and Safety
- Shelter and Infrastructure Support
- Education
- Youth and Economic Empowerment

Health & Safety

Our overarching value is Health and Safety, it is at the core of everything we do. Our ambition is to achieve zero harm to people and create a healthy and safe environment for all our stakeholders.

We are on a health and safety journey with a strategy to move Lafarge Africa to an incident and injury free business.

In addition to safety trainings and technical processes aimed at incidence prevention using our standards and advisories, an increased focus was made to change employees and contractors' behaviors and perceptions around risk exposure and ownership of health and safety, with line management leadership seen as the differentiator.

Mfamosing Plant Manager Peter Robson distributing safety helmets to okada riders in surrounding communities

Panelists, Excom and guests with the CCEO at the launch of the 2016 Lafarge Africa Sustainability Report

Distribution of safety reflective vests to primary and secondary school students in Mfamosing

Awareness for World Health Day in Calabar

EasyHome employees with a beneficiary

In the host communities, interventions have included the distribution of safety reflective vests to over 2000 school children in Mfamosing, engagements with okada riders through provision of crash helmets, installation of safety road signs, and other activities to increase safety awareness.

Health has also been a critical part for both workers and drivers with systems in place to screen and assess medical fitness. In addition, Lafarge Africa has encouraged health checks in communities. We have screened 1765 people, provided glasses to 788 people, paid for cataract surgery for 288 people, and provided other medication to 808 people in our communities in Cross River state. Our Ashaka Clinic in Gombe state also provides tests including xray, ultrasound, pregnancy, blood sugar and medicine at no cost to residents. Furthermore, we treat 100-150 patients daily from the local communities free of charge with 1250 HIV patients enrolled for medical support.

Shelter and Infrastructure Support

Lafarge Africa Plc. is committed to delivering value across its entire construction chain. For us, that entails moving beyond only producing revenue-generating goods and services to providing building solutions to alleviate the pressing needs of the larger Nigerian society.

We commissioned a landmark project in the Southwest - a pedestrian bridge over River Ibu in Sagamu which links four communities together. In the past, residents of the community had to walk for about 5km through rivers to get to their destination. The completion of the bridge has reduced the commuting distance to about 500m thus improving the lives of residents and enhancing their productivity. We also constructed 11km feeder roads at Piyau, Garin Maishanu, Kayel Baga & Kobwa around the Maiganga Coal Mines.

To enhance the economic growth of our communities in Gombe State, we provided electricity to Gongilla Village and has commenced a similar project in the neigbouring Badabdi village. Both projects are estimated to benefit approximately 10,000 people.

Affordable Housing

Our affordable housing initiative, Lafarge Easy Home has, since its launch in 2013, continued to bridge the housing deficit in the country by providing safe, efficient and innovative housing solutions to meet the needs of our customers and offer value to stakeholders. The initiative is premised on three pillars: Housing microfinance, Mass housing and providing Soil Stabilized bricks.

Our efforts to improve on the scheme (microfinance support is now accessible at Accion Microfinance Bank, AB Microfinance Bank, Letshego Microfinance Bank and LAPO Microfinance Bank) have yielded results as over 45,000 beneficiaries in 10 states across Nigeria have been impacted.

Blocks of classrooms and offices donated to Piu Primary School, Maiganga in Gombe

Bursary and school materials provided for secondary school students in Cross River state

Presentation of cheque to Bursary Awardees in Ewekoro by the CPA&SD Director

Keynote Speaker, Dr. Oby Ezekwesili speaks to the media after the National Literacy Competition.

Developing Children for a Better Nation through Literacy – SDG Goals

For the fourth year in a row, Lafarge Africa has been complementing the Nigerian government's efforts to improve education at the primary level with the Lafarge Africa National Literacy Competition.

In 2017, 202,890 public primary school pupils were impacted across 544 Local Government Areas of Nigeria. Based on evaluation, approximately 88.57% of pupils are able to pronounce words better, 81.9% could spell better than before the event, and 87.6% learnt new words. In addition, 82.85% of the students revealed that the competition has instilled in them more interest in school work and learning.

The theme 'Bridging the Literacy Gap Together' was evident at the grand finale of the 4th edition which held on November 16, 2017 which had hundreds of pupils, government officials, representatives from national and state education agencies, the Board and Management of the company, and keynote speaker Dr. Oby Ezekwesili, former Nigerian Minister of Education and World Bank Vice President in attendance.

A total of ₦1,800,000 was given to the 12 finalists as scholarship funds to be administered in Trusts by Stanbic IBTC Trustees. This is in addition to other educational support items given to the individual pupils and their schools.

Winners of the 2017 Lafarge Africa National Literacy Competition

	Winners	State/Region	Prize Money
1st Position	Toun Agbai Faith	Edo	250,000
	Hassan Yesufu	(South South)	250,000
2nd Position	Bello Abdulsalam	Ondo	200,000
	Abiodun Damilola	(South West)	200,000
3rd Position	Hajara Nafiu Abubakar	Kano	150,000
	Said Usman	(North West)	150,000
4th Position	Mohd Usama Ibrahim	Gombe	100,000
	Raymond Anointing Dansamu	(North East)	100,000
5th Position	Jessilica Ojima	Plateau	100,000
	Ikechukwu Chinyere	(North Central)	100,000
6th Position	Okeke Akachukwu	Anambra	100,000
	Okafor Rita	(South East)	100,000

The Board of Directors, invited guests and winners of the 2017 Lafarge Africa National Literacy Competition.

Promoting Sustainable Construction for a Better Society

We continue to partner with industry stakeholders to promote global standards in construction in Nigeria. Lafarge Africa Plc. partnered with the Council for the Regulation of Engineering in Nigeria (COREN) for the research and development of Nigeria's first Concrete Mix Design Manual which was launched on the 8th of August in Abuja.

In September 2017, we also hosted industry stakeholders including the Honourable Minister of Power, Works, and Housing to a Road Summit where deliberations were held on the economics of innovative road financing in Nigeria.

Education and awareness campaigns have also been intensified for Nigeria's built sector with over 5000 block makers, bricklayers and other artisans trained. 75 Nigerians were also shortlisted as finalists in the global LafargeHolcim Sustainable Construction Awards.

Education

Our investments in education vary from provision of bursary awards to furnishing of classrooms, as well as renovation and construction of classroom blocks across the country.

In the Southwest, we renovated blocks of classrooms in Akinbo, Itori, Ojumele, Papalanto, and Ogijo communities among others. In the North, we renovated classrooms in communities including Bajoga and Kayelbaga communities in Gombe state. Likewise in the East, we renovated blocks of classrooms in Mbobui, Akansoko and Mfamosing communities.

Youth and Economic Empowerment

Economic Empowerment through Poverty Eradication

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

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

In the Southwest, we also launched the Cement Professional Technician Program (CPTP), recording a total of 15 participants across the entire Nigerian operations to equip young science oriented school leavers for a career in engineering and cement manufacturing.

Marketing Director, Vipul Agrawal with the President Council for the Regulation of Engineering in Nigeria (COREN) at the launch of the first Concrete Mix Design Manual.

Sustainability Report

In Ashaka and Mfamosing, we trained hundreds of youths on skills such as: masonry, electrical installation, welding, carpentry and tailoring. 35 young people were also sponsored for a three year Artisan Training program. Graduates from both initiatives are paid monthly allowances and equipped with starter tool boxes.

Volunteering

The Lafarge Africa 'Friends of Community' is the company's employee volunteering initiative. Employees are allowed to dedicate working hours to execute various community programs. In 2017, employees dedicated over 854 hours to societal improvement projects such as literacy engagement sessions with primary school pupils, Climate change initiatives with focus on tree planting, health and safety community awareness campaigns, and employee donations to developmental causes.

Awards

Nigerian Society of Engineers (NSE) - Special Presidential Award

The Nigerian Society of Engineers Special Presidential Award was presented to Lafarge Africa Plc. for its contribution to the improvement of health and safety in construction sites. This recognition is an outcome of Lafarge Africa' s consistent result-driven support to the engineering professionals in the building and construction industry.

For more details of Sustainability in Lafarge Africa Plc, please visit:
https://www.lafarge.com.ng/sites/nigeria/files/atoms/files/2016_lafarge_sustainability_report_final.pdf

In the middle Communications, Public Affairs & Sustainable Development Director, Folashade Ambrose-Medebem receives the award on behalf of Lafarge Africa Plc. with Head of Sustainability & Corporate Brand, Temitope Oguntokun and Head of Corporate Communications, Osagie Ogunbor.

Provision of starter kits to artisans under the Project Employability Scheme

Chairman, Lafarge Africa Plc. Mr. Mobolaji Balogun and Country Chief Executive Officer, Michel Puchercos present trophies to first place winners of the National Literacy Competition, Toun Agbai-Faith and Hassan Yesufu of Edo state.

Volunteers engaging the elderly on managing health risks in Mbobui community, Cross River state

04

Financial Statements

National Theatre, built with Lafarge Products

Audit Committee's Report

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 2017 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, 2017 were adequate and Management's responses to the Auditors' findings were satisfactory.

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

Dated this 23rd day of March 2018

Mrs. Elenda Giwa-Amu *(Member)* | Chief Peter Asu *(Member)* | Mr. Olawale Oyedele *(Chairman)* | Mrs. Adenike Ogunlesi *(Member)* | Mr. Adebayo Adeleke *(Member)*

Statement of Directors' Responsibilities in Relation to the Financial Statements

for the year ended 31 December 2017

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 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.

The Directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act, Cap C.20, 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 the Group and Company will not remain a going concern in the year ahead.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Mobolaji Balogun
Chairman
FRC/2013/CISN/00000004945
6 April 2018

Michel Puchercos
Group Managing Director
FRC/2017/IODN/00000015919
6 April 2018

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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 2017, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 61 to 149.

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 2017, 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. Impairment of Property, Plant and Equipment

Refer to significant accounting policies (Note 2) and Property, plant and equipment (Note 15) of the financial statements.

The key audit matter	How the matter was addressed in our audit
a. Evacuation Road (Unicem) During the year, an impairment of ₦12.4 billion relating to the cost of the evacuation road under construction at UNICEM in Calabar andclassified as Capital Work in Progress, (Property, Plant and Equipment) was recognised in the financial statements. The impairment was based on an independent report from a firm of civil engineers which confirmed structural defects rendering the road not usable as intended by management.	Our audit procedures performed include the following: • evaluated management's process and procedures for the identification of indicators of impairment of the identified asset; • performed a physical inspection of the road to observe the impairment indicators as noted in the civil engineers report

KPMG

The key audit matter	How the matter was addressed in our audit
This is considered a key audit matter due to the significance of the amount, involvement of an external expert, and the significant judgment exercised by management.	• challenged management's basis of judgment and assumptions applied in determining the amount of impairment loss based on our knowledge of the Company and observable impairment indications. • considered the adequacy of the Company's disclosures in relation to the impairment of the identified asset.
b. Kiln preheater project (AshakaCem) The Kiln Preheater project in AshakaCem, a subsidiary of the Company, amounting to ₦3.3 billion classified as Capital Work in Progress (Property, Plant and Equipment) at year end had been suspended since 2009 due to security concerns at the project site which is situated in the North-East region. During the year, an impairment of ₦3.3 billion relating to the cost of the project was recognised in the financial statements due to obsolescence of the technological inputs. This is considered a key audit matter due to the significance of the amount, significant judgment, assumptions and estimation exercised by management	Our audit procedures performed include the following: • evaluated management's process and procedures for the identification of indicators of impairment of the identified asset • challenged management's basis of judgment and assumptions applied in determining the amount of impairment loss based on our knowledge of the Company and observable impairment indications. • considered the adequacy of the Company's disclosures in relation to the impairment of the identified asset.

2. Other Assets Prepayment for Gas

Refer to significant accounting policies (Note 2) and Other assets (Note 21) of the financial statements.

The key audit matter	How the matter was addressed in our audit
Included in other assets is an amount of ₦9.8 billion relating to prepayment for gas. 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 utilize the gas. Any excess of the base amount over the value of actual gas utilised is recognised as prepayment for gas which is included in other assets in the financial statements. Management performed an assessment to determine whether the prepayment for gas 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 utilization. This is considered a key audit matter because the assessment of the recoverability of prepayment for gas requires significant judgments, estimates and assumptions. 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 utilization levels, among others. 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 also a risk that actual outcomes may differ from the estimated values	Our audit procedures performed include the following: • discussed with management to understand the assumptions made in determining the utilization plan for the prepaid gas amount • 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 client industry and the Company • reviewed the appropriateness of the classification / disclosure of the prepayment for gas in the financial statements.

KPMG

3. Recognition of Deferred tax assets Refer to significant accounting policies (Note 2) and Deferred taxation (Note 13.8) of the financial statements.	
The key audit matter	How the matter was addressed in our audit
The Company has recognised deferred tax assets of ₦16.3 billion arising mainly from deductible temporary differences and unutilised tax losses. The Company's determination of the recoverability of deferred tax asset 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 income. We have determined this to be a key audit matter, due to the inherent uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences.	Our audit procedures performed include the following: • assessed the components that gave rise to the deferred tax asset to determine whether they were valid in line with the requirements of the accounting standards and tax laws. • 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 Matter

The financial statements of Lafarge Africa Plc (the "Company") and its subsidiaries (together, "the Group") for the year ended 31 December 2016, were audited by another auditor who on 20 March 2017 expressed an unmodified opinion on those statements.

Other Information

The Directors are responsible for the other information which comprises the Directors' and Other Corporate Information. Statement of Directors' responsibilities in relation to the financial statements, Audit committee report, 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, Report of the Directors, 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 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 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 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 C20, 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/00000000565
For: KPMG Professional Services
Chartered Accountants
6 April 2018
Lagos, Nigeria

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2017

	Notes	Group 31Dec 2017 ₦'000	Group 31 Dec 2016 ₦'000	Company* 31Dec 2017 ₦'000	Company* 31 Dec 2016 ₦'000
Revenue	6	299,153,305	219,714,112	177,170,362	87,198,416
Cost of sales	7	(248,393,638)	(179,052,422)	(124,130,812)	(64,326,776)
Gross profit		50,759,667	40,661,690	53,039,550	22,871,640
Selling and marketing expenses	8	(3,685,666)	(3,355,737)	(1,308,561)	(1,616,289)
Administrative expenses	9	(41,594,520)	(23,737,111)	(22,247,690)	(8,902,401)
Other income	10	4,069,524	916,239	4,181,947	370,370
Other operating expenses	11	(1,663,499)	(2,045,167)	(459,553)	(1,875,096)
Operating profit		7,885,506	12,439,914	33,205,693	10,848,224
Finance income	12	1,438,980	3,675,234	1,107,476	16,062,874
Finance costs	12	(43,216,500)	(38,921,340)	(41,299,124)	(7,022,336)
Share of loss from joint ventures accounted for using the equity method	18.4	(140,263)	(12,526)	(112,236)	-
(Loss)/Profit before minimum tax	14	(34,032,277)	(22,818,718)	(7,098,191)	19,888,762
Minimum tax	13.1	(287,672)	(271,163)	(287,672)	-
(Loss)/Profit after minimum tax		(34,319,949)	(23,089,881)	(7,385,863)	19,888,762
Income tax (expense)/credit	13.2	(281,460)	39,988,662	(5,837,763)	889,586
(Loss)/Profit after tax		(34,601,409)	16,898,781	(13,223,626)	20,778,348
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Exchange differences on translation of foreign operations	28	18,545,417	1,494,621	-	-
Exchange differences on translation of foreign joint ventures	18.4	50,712	1,534	39,103	-
		18,596,129	1,496,155	39,103	-
Items that will not be subsequently reclassified into profit or loss:					
Re-measurements of defined benefit obligations	33.2	319,757	221,808	182,449	66,821
Income tax relating to these items	13.4	(96,854)	(63,442)	(58,384)	(20,046)
		222,903	158,366	124,065	46,775
Other comprehensive income for the year, net of tax		18,819,032	1,654,521	163,168	46,775
Total comprehensive (loss)/income for the year		(15,782,377)	18,553,302	(13,060,458)	20,825,123
(Loss)/Profit attributable to :					
- Owners of Lafarge Africa Plc		(35,009,407)	16,595,995	(13,223,626)	20,778,348
- Non-controlling interests	18.3	407,998	302,786	-	-
		(34,601,409)	16,898,781	(13,223,626)	20,778,348
Total comprehensive (loss)/income for the year is attributable to:					
- Owners of Lafarge Africa Plc		(16,190,375)	18,250,516	(13,060,458)	20,825,123
- Non-controlling interests		407,998	302,786	-	-
		(15,782,377)	18,553,302	(13,060,458)	20,825,123
Earnings per share attributable to the ordinary equity holders of the Company:					
Basic earnings per share (Naira)	26	(637)	315	(240)	394
Diluted earnings per share (Naira)	26	(631)	315	(238)	394

*Due to the merger of the Company with two subsidiaries and the liquidation of two subsidiaries into the Company during the year, the 2017 Company numbers are those of the merged and liquidated entities while the 2016 numbers are those of the Company prior to the merger and liquidation.

The accompanying notes and significant accounting policies on pages 66 to 149 form an integral part of these financial statements.

Consolidated and Separate Statements of Financial Position

as at 31 December 2017

	Notes	Group 31Dec 2017 ₦'000	Group 31 Dec 2016 ₦'000	Company* 31Dec 2017 ₦'000	Company* 31 Dec 2016 ₦'000
ASSETS					
Non-current assets					
Property, plant and equipment	15	393,651,934	390,240,816	292,872,779	114,617,300
Intangible assets	16	2,634,326	1,563,499	-	-
Investment in subsidiaries	18.1	-	-	182,088,406	243,891,263
Investment in joint ventures	18.4	-	89,551	-	73,133
Other financial assets	19	1,582,622	423,921	1,556,738	92,143,118
Other assets	21	20,803,113	9,790,605	14,984,747	-
Deferred tax assets	13.8	7,951,595	7,641,003	16,333,384	-
Total non-current assets		426,623,590	409,749,395	507,836,054	450,724,814
Current assets					
Inventories	22	58,266,466	44,980,525	39,057,831	22,825,240
Trade and other receivables	23	25,110,116	9,765,950	15,930,970	18,434,714
Current tax asset	13.5	917,797	487,279	-	-
Other assets	21	15,162,092	12,458,086	10,679,505	3,834,599
Other financial assets	19	592,538	911,118	326,635	30,544,616
Derivative assets	20	640,091	3,580,378	640,091	3,580,378
Cash and cash equivalents	24	50,414,757	19,440,966	41,698,854	7,653,851
Total current assets		151,103,857	91,624,302	108,333,886	86,873,398
Total assets		577,727,447	501,373,697	616,169,940	537,598,212
LIABILITIES					
Non-current liabilities					
Loans and borrowings	30	68,715,378	68,221,773	64,900,757	64,014,218
Deferred tax liabilities	13.8	1,463,106	-	-	18,031,333
Provisions	31	3,472,388	2,200,640	909,320	563,468
Deferred revenue	32	1,518,467	1,554,673	1,518,467	722,496
Employee benefit obligations	33	4,916,931	3,780,162	1,616,733	1,580,307
Total non-current liabilities		80,086,270	75,757,248	68,945,277	84,911,822
Current liabilities					
Trade and other payables	34	113,000,180	114,457,059	69,930,054	53,553,652
Loans and borrowings	30	187,831,582	36,487,846	190,724,579	42,366,463
Current tax liabilities	13.6	3,251,525	1,311,906	1,544,949	363,625
Provisions	31	1,166,217	1,176,910	895,268	841,526
Derivative liabilities	20	4,212,406	-	4,212,406	-
Deferred revenue	32	110,732	234,718	110,732	30,104
Bank overdrafts	24.2	31,081,780	22,995,462	15,037,780	15,436,877
Total current liabilities		340,654,422	176,663,901	282,455,768	112,592,247
Total liabilities		420,740,692	252,421,149	351,401,045	197,504,069
EQUITY					
Share capital	25.1	2,787,888	2,740,367	2,787,888	2,740,367
Share premium	25.2	222,272,108	217,528,456	222,272,108	217,528,456
Retained earnings		160,257,556	102,842,886	100,970,988	119,825,320
Deposit for shares	27	130,416,872	-	130,416,872	-
Foreign currency translation reserve	28	9,935,643	(8,660,486)	39,103	-
Other reserves arising on business combination and re-organisations	29	(368,683,312)	(256,899,951)	(191,718,064)	-
Capital and reserves attributable to owners		156,986,755	57,551,272	264,768,895	340,094,143
Non-controlling interests	18.3	-	191,401,276	-	-
Total equity		156,986,755	248,952,548	264,768,895	340,094,143
Total equity and liabilities		577,727,447	501,373,697	616,169,940	537,598,212

*Due to the merger of the Company with two subsidiaries and the liquidation of two subsidiaries into the Company during the year, the 2017 Company numbers are those of the merged and liquidated entities while the 2016 numbers are those of the Company prior to the merger and liquidation.

The accompanying notes and significant accounting policies on pages 66 to149 form an integral part of these financial statements.

These financial statements were approved and authorised for issue by the board of directors on 6th April 2018 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 2017

Group

	Notes	Attributable to equity holders of the parent								
		Share capital ₦'000	Share premium ₦'000	Retained earnings ₦'000	Deposit for shares ₦'000	Foreign currency translation reserve ₦'000	Other reserves arising on business combination and re-organisations ₦'000	Total ₦'000	Non-controlling interests ₦'000	Total equity ₦'000
Balance at 1 January 2016		2,277,451	186,419,988	100,992,758	-	(10,156,641)	(162,185,111)	117,348,445	58,803,285	176,151,730
Profit for the year		-	-	16,595,995	-	-	-	16,595,995	302,786	16,898,781
Other comprehensive income (Net of tax)		-	-	158,366	-	1,496,155	-	1,654,521	-	1,654,521
Total comprehensive income for the period		-	-	16,754,361	-	1,496,155	-	18,250,516	302,786	18,553,302
Transactions with owners:										
Dividends declared	34.5	-	-	(14,904,233)	-	-	-	(14,904,233)	-	(14,904,233)
Dividends paid to NCI	34.6	-	-	-	-	-	-	-	(58,920)	(58,920)
Issue of shares	25	214,513	31,661,202	-	-	-	-	31,875,715	-	31,875,715
Share issue cost	25.2	-	(304,331)	-	-	-	-	(304,331)	-	(304,331)
Bonus shares issued	25	248,403	(248,403)	-	-	-	-	-	-	-
2.51% of Ashaka equity taken over	18.2	-	-	-	-	-	330,630	330,630	(1,330,490)	(999,860)
50% of ECH equity taken over	17.3	-	-	-	-	-	(95,045,470)	(95,045,470)	133,684,615	38,639,145
Total transaction with owners		462,916	31,108,468	(14,904,233)	-	-	(94,714,840)	(78,047,689)	132,295,205	54,247,516
Balance at 31 December 2016		2,740,367	217,528,456	102,842,886	-	(8,660,486)	(256,899,951)	57,551,272	191,401,276	248,952,548
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)
Transaction 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	17.2	-	-	-	-	-	(199,453,879)	(199,453,879)	-	(199,453,879)
Quasi-equity loan taken over by Parent	18.3	-	-	-	-	-	-	-	(139,361,637)	(139,361,637)
Dividends declared	34.5	-	-	(5,754,771)	-	-	-	(5,754,771)	-	(5,754,771)
Dividends paid to NCI	34.6	-	-	-	-	-	-	-	(41,863)	(41,863)
Acquisition of NCI in Ashaka	18.2	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

The accompanying notes and significant accounting policies on pages 66 to 149 form an integral part of these financial statements.

Consolidated and Separate Statements of Changes in Equity

for the year ended 31 December 2017

Company*

	Notes	Attributable to equity holders of the parent						
		Share capital ₦'000	Share premium ₦'000	Retained earnings ₦'000	Deposit for shares ₦'000	Foreign currency translation reserve ₦'000	Other reserves arising on business combination and re-organisations ₦'000	Total equity ₦'000
Balance at 1 January 2016		2,277,451	186,419,988	113,904,430	-	-	-	302,601,869
Profit for the year		-	-	20,778,348	-	-	-	20,778,348
Other comprehensive income (Net of tax)		-	-	46,775	-	-	-	46,775
Total comprehensive income for the period		-	-	20,825,123	-	-	-	20,825,123
Transaction with owners:								
Dividends declared	34.5	-	-	(14,904,233)	-	-	-	(14,904,233)
Issue of shares	25	214,513	31,661,202	-	-	-	-	31,875,715
Share issue cost	25.2	-	(304,331)	-	-	-	-	(304,331)
Bonus shares issued	25	248,403	(248,403)	-	-	-	-	-
Total transaction with owners		462,916	31,108,468	(14,904,233)	-	-	-	16,667,151
Balance at 31 December 2016		2,740,367	217,528,456	119,825,320	-	-	-	340,094,143
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	17.2	-	-	-	-	-	7,735,815	7,735,815
Net movement of Quasi-Equity loan	17.2	-	-	-	-	-	(199,453,879)	(199,453,879)
Dividends declared	34.5	-	-	(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

The accompanying notes and significant accounting policies on pages 66 to 149 form an integral part of these financial statements.

*Due to the merger of the Company with two subsidiaries and the liquidation of two subsidiaries into the Company during the year, the 2017 Company numbers are those of the merged and liquidated entities while the 2016 numbers are those of the Company prior to the merger and liquidation.

Consolidated and Separate Statement of Cash Flows

for the year ended 31 December 2017

	Notes	Group 31Dec 2017 ₦'000	Group 31 Dec 2016 ₦'000	Company* 31Dec 2017 ₦'000	Company* 31 Dec 2016 ₦'000
Cash flows from operating activities:					
(Loss)/Profit for the year		(34,601,409)	16,898,781	(13,223,626)	20,778,348
Adjustments to reconcile (Loss)/Profit for the year to net cash flows:					
Depreciation	15	22,181,159	15,877,483	16,304,267	5,170,285
Impairment losses on property, plant and equipment	15	19,178,254	-	12,394,270	-
Amortization of intangible asset	16	166,023	119,271	-	-
Impairment of intangible asset	16	226,670	-	-	-
Other non-cash items	35.3	(1,262,945)	702,628	(1,725,648)	1,290,042
Net unrealized foreign exchange loss		1,677,899	5,997,725	1,416,442	659,952
Finance costs	12	29,740,993	16,219,085	28,956,601	7,022,336
Finance income	12	(1,438,980)	(3,675,234)	(1,107,476)	(7,331,875)
Dividend income	10.5	(1,767)	(1,066)	(294,055)	(276,988)
Share of loss from joint venture	18.4	140,263	12,526	112,236	-
Income tax expense/(credit)	13.2	281,460	(39,988,662)	5,837,763	(889,586)
Minimum tax	13.1	287,672	271,163	287,672	-
Provisions and net movement on employee benefits	35.1.6	(409,279)	(3,578,788)	(408,231)	(4,157,510)
Change in net working capital	35.1	(42,516,757)	3,585,175	(45,318,450)	(52,648,643)
Cash flow (used in)/generated from operations		(6,350,744)	12,440,087	3,231,765	(30,383,639)
Income taxes paid	13.7	(772,057)	(872,808)	(307,000)	(243,225)
Net cash flow (used in)/generated from operating activities		(7,122,801)	11,567,279	2,924,765	(30,626,864)
Cash flows from investing activities					
Acquisition of property, plant and equipment	15.6	(15,278,494)	(41,364,119)	(10,360,055)	(2,562,936)
Acquisition of intangible assets	16	(228,192)	(164,421)	-	-
Interest received	12	1,380,523	3,675,234	1,049,045	7,331,875
Acquisition of subsidiary, net of cash acquired	18.2	(673,406)	(112,323)	(673,406)	(416,654)
Dividend received from unlisted investments	10.5	1,767	1,066	-	-
Dividend received from subsidiaries	10.5	-	-	294,055	276,988
Net movement in other financial assets	35.4	(1,158,701)	9,982,449	(1,146,194)	(73,592,603)
Proceeds from sale of property, plant and equipment	35.2	3,129,895	373,325	2,983,969	2,460
Net cash flow (used in)/generated from investing activities		(12,826,608)	(27,608,789)	(7,852,586)	(68,960,870)
Cash flows from financing activities					
Interest paid	12	(23,698,165)	(14,593,369)	(18,739,561)	(4,992,951)
Cash paid for investment in joint venture		-	-	-	(73,133)
Dividend paid to equity holders of the company	34.5	(16,280,825)	(1,444,821)	(16,280,825)	(1,444,821)
Dividend paid to Non Controlling Interest	34.6	(41,863)	(58,920)	-	-
Transaction cost on shares issued	25.2	-	(304,331)	-	(304,331)
Transaction cost on rights issue		(574,743)	-	(574,743)	-
Cash received from futures contract		7,661,124	-	7,661,124	-
Proceeds from loans and borrowings	30.9	195,099,306	94,436,205	187,310,535	100,047,737
Repayment of loans and borrowings	30.9	(138,981,397)	(82,631,247)	(138,646,769)	(6,043,475)
Net cash inflow generated from/(used in) financing activities		23,183,437	(4,596,483)	20,729,761	87,189,026
Net increase/(decrease) in cash and cash equivalents		3,234,028	(20,637,993)	15,801,940	(12,398,708)
Cash and cash equivalents at the beginning of the year		(3,730,386)	13,158,970	(7,783,026)	4,041,893
Cash and cash equivalents arising from merger		-	-	(1,882,466)	-
Effects of exchange rate changes on cash and cash equivalents		(652,258)	3,748,637	43,033	573,789
Cash and cash equivalents at the end of the year	24.2	(1,148,616)	(3,730,386)	6,179,481	(7,783,026)

*Due to the merger of the Company with two subsidiaries and the liquidation of two subsidiaries into the Company during the year, the 2017 Company numbers are those of the merged and liquidated entities while the 2016 numbers are those of the Company prior to the merger and liquidation.

The accompanying notes and significant accounting policies on pages 66 to 149 form an integral part of these financial statements.

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2017

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 PLC (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 operations.

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 Plc 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. Following the decision of Lafarge SA Group to consolidate its equity ownership in businesses in Nigeria and South Africa, on the 12th of September 2014, Lafarge Africa Plc acquired 58.61% (controlling interest) in AshakaCem Plc held by Lafarge Nigeria (UK) Limited, a subsidiary of Lafarge SA Group. In 2015 via a Mandatory Tender Offer (MTO) triggered by the acquisition of 58,61%, Lafarge Africa's shareholding in AshakaCem was increased by 23.85% to 82.46%. The terms of the MTO was 57 shares of Lafarge Africa for 202 shares of AshakaCem plus a cash consideration of 2.00 Naira per every Ashaka share tendered. In August 2016, Lafarge Africa through a Voluntary Tender Offer (VTO) under the same terms as were for the MTO acquired a further 2.51% of the minority shareholding of AshakaCem which brought its total equity ownership of AshakaCem to 84.97%. At the conclusion of both the MTO and the VTO a total of 590,306,253 units of AshakaCem shares had been tendered representing 26.36% of the issued share capital. 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) and approved an Exit Consideration for shareholders who did not wish to remain in an unlisted entity. The terms of the Exit Consideration were the same as were for the MTO and VTO. 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. Under the terms of the Scheme Lafarge Africa offered to the remaining minorities of AshakaCem who still held the 13.49% of the issued share capital the same terms as were offered for the delisting of the company. 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 now owns 100% of the issued share capital of AshakaCem and steps are now being taken to convert AshakaCem into a private limited liability company.

- Lafarge South Africa Holdings (LSAH) is owned 100% by Lafarge Africa. LSAH owns 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 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.

- Atlas Cement Company Limited (Atlas) was incorporated on September 24 1999 and was wholly owned by Lafarge Nigeria (UK) Limited, a subsidiary company of the Lafarge SA Group. Following the consolidation of Lafarge Group equity interests in Nigeria in 2014, Lafarge Africa acquired the entire equity of Atlas. In December 2017 through a Scheme of Merger sanctioned by the Federal High Court of Nigeria, Atlas was merged into Lafarge Africa. Following the ban on the importation of bulk cement, Atlas terminal located at the Free Trade Zone at Onne in Port Harcourt is now used as a distribution hub for cement in the South East and South South regions and provides location for the batching plant of Lafarge Ready Mix.

- United Cement Company Nigeria Limited (UNICEM) was incorporated in Nigeria on 18 September 2002 as a private limited liability company. Its main shareholder was Nigerian Cement Holdings BV (NCH). NCH was owned

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2017

Business description *(cont'd)*

70% by Egyptian Cement Holdings BV (ECH) and 30% by Flour Mills Nigeria. ECH was owned 50% by Holcibel SA (a subsidiary of Holcim Group) and 50% by Orascom Group of Egypt. In 2002, Lafarge SA Group acquired the cement operations of Orascom and as a result Lafarge Cement International BV (subsidiary of Lafarge SA Group) took over ownership of ECH from Orascom. In 2015 and subsequent to the global merger of Lafarge Group and Holcim Group, Lafarge Africa acquired the equity ownership (i.e. 35% indirect in UNICEM) of ECH from Lafarge Cement BV. In 2016 in a series of transactions, Flour Mills Nigeria sold its 30% equity in NCH in equal proportion to Lafarge Africa and Holcibel SA; increasing the ownership of NCH to 50/50.

Also in 2016, Holcibel SA, transferred its equity holding in ECH (and indirectly in NCH) to Lafarge Africa and in consideration received shares of Lafarge Africa. At the end of this transaction, Lafarge Africa became 100% indirect owner of UNICEM through ECH and NCH.

In December 2017 in order to streamline the ownership structure of UNICEM, ECH and NCH were liquidated and their assets and liabilities subsumed by Lafarge Africa with the result that Lafarge Africa now owns UNICEM directly. Still in December, 2017 through a shareholder meeting ordered by the Federal High Court and the resolutions sanctioned by it, UNICEM and Atlas were merged into Lafarge Africa effectively from 22nd December, 2017.The Court Sanction was registered with the CAC and published in the official Gazette of the Federal Government of Nigeria.

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;

31st December 2017	31st December 2016
Lafarge Ready Mix Nigeria Limited	Lafarge Ready Mix Nigeria Limited
Lafarge South Africa Holdings (PTY) Limited	Egyptian Cement Holdings
Ashaka Cement PLC	Atlas Cement Company Limited.
	Lafarge South Africa Holdings (PTY) Limited
	Ashaka Cement PLC

These consolidated and separate financial statements cover the financial period from 1 January 2017 to 31 December 2017. The comparatives for 2016 have not been adjusted to suit the new Group and Company structure.

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

The consolidated and separate financial statements of Lafarge Africa Plc Group have been prepared in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS 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 comply with IFRS as issued by the International Accounting Standards Board (IASB). The financial statements which were prepared on a going concern basis, were authorized for issue by the Company's board of directors on 6th April, 2018.

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.

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2017

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.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2017 is disclosed in Note 3.

2.2.1 Going concern

These financial statements have been prepared on a going concern basis. Management believes that the going concern assumption is appropriate.

2.2.2 Changes in accounting policies and disclosures

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

The following standards, amendments and interpretations apply for the first time to financial reporting periods commencing 1 January 2017 and relate to the Group's transactions however, they have had no impact on the current financial statements of the Group.

- Recognition for deferred tax assets for unrealised losses- Amendments to IAS 12
- Disclosure initiative- amendments to IAS 7
- Annual improvements 2014-2016 cycle: Amendments to IFRS 12

ii) New standards and interpretations not yet adopted

New standards, amendments and interpretations have been published that are not mandatory for the reporting period, and have not been early adopted by the Group.

The Group intends to adopt these standards, amendments and interpretation when they become effective. The Group's assessment of the impact of these standards and interpretations is set out below;

IFRS 15 - Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers replaces IAS 18 Revenue, IAS 11 Construction Contracts, and IFRIC 13 Customer Loyalty Programmes and is effective from 1 January 2018. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized.

The core principle of IFRS 15 is that the Company recognises revenue when (or as) it satisfies a performance obligation by transferring the promised goods or services to a customer in an amount that reflects the consideration to which the Company expects to be entitled (net sales) in exchange for those goods or services. The Company recognises revenue in accordance with that core principle by applying the following five steps:

Step 1. Identify the contract with the customer
Step 2. Identify the separate performance obligations in the contract.
Step 3. Determine the transaction price
Step 4. Allocate the transaction price to each performance obligation in the contract
Step 5. Recognize revenue when (or as) the Group company satisfies a performance obligation

For the sale of cements and other construction materials, revenue is currently recognized when the goods are delivered to the customers' premises, which is taken to be the point in time at which the customer accepts the goods and the related risks and rewards of ownership transfer. Revenue is recognized at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

Under IFRS 15, revenue will be recognized when a customer obtains control of the goods (which is at the point when delivery of the goods are made to customers). The Group has assessed the impact of IFRS 15 on revenue recognition and has determined that the Group will not be impacted by IFRS 15 since the Group is primarily involved in the delivery, at a point in time, of cement and other construction materials and services.

For contracts that permit the customer to return an item, revenue is currently recognized when a reasonable estimate of the returns can be made, provided that all other criteria for revenue recognition are met. If a reasonable estimate cannot be made, then revenue recognition is deferred until the return period lapses or a reasonable estimate of returns can be made.

Under IFRS 15, revenue will be recognized for these contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. As a consequence, for those contracts for which the Group is unable to make a reasonable estimate of return, revenue is expected to be recognized at the earlier of when the return period lapses or a reasonable estimate can be made.

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.

The Group plans to adopt IFRS 15 using the cumulative effect method, with the effect of initially applying this standard recognized at the date of initial application (i.e. 1 January 2018). As a result, the Group will not apply the requirements of IFRS 15 to the comparative period presented.

The actual impact of adopting the IFRS15 at 1 January 2018 may change because the new revenue accounting policies of the Group are subject to change until the Group produces its first financial statements that include the date of initial application.

IFRS 9 - Financial instruments

IFRS 9, published in July 2014 replaces IAS 39 from 1 January 2018. IFRS 9 includes revised guidance on classification and measurement of financial instruments, impairment and hedge accounting requirements. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. The Group will implement IFRS 9 on 1 January 2018 using the modified retrospective approach.

The significant changes relevant to Lafarge Africa Plc brought about by IFRS 9 are:

Classification and measurement - Financial assets
Financial assets are classified on the basis of the business model within which they are held and their contractual cash flow characteristics. They may either be measured at amortised cost (subject to two business model tests) or at fair value with changes to fair value recognized in Profit and Loss or through Other Comprehensive Income (OCI) if they meet specific criteria and an accounting policy choice is made at initial recognition. The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

The Group does not have any assets measured at fair value through other comprehensive income (FVTOCI).
There are Available for Sale investments in the Group's Subsidiaries in South Africa amounting to ₦11million currently being carried at cost because their fair values cannot be measured reliably. These will now be carried at FVTPL.
Based on its assessment, the Group does not anticipate any significant financial impact on its equity arising from the adoption of the classification and measurement requirements of IFRS 9 on 1 January 2018.

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Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. ECLs are a probability-weighted estimate of credit losses over the expected life of the financial instrument. Credit losses are the present value of expected cash shortfalls i.e. the present value of the difference between the cash flows due to the entity under the contract; and the cash flows that the entity expects to receive.

IFRS 9 does not prescribe a single method to measure ECLs. Rather, it acknowledges that the methods used to measure ECLs may vary based on the type of financial asset and the information available. The standard allows the use of practical expedients when estimating ECLs, to the extent that its measurement reflect an unbiased and probability weighted amount, time value of money and reasonable and supportable information that is available without undue cost or effort. The standard contains a simplified approach that uses provision matrix to measure lifetime ECLs for trade receivables, contract assets and lease receivables.

In determining the estimated impact of IFRS 9 on 1 January 2018, the Group applied the simplified model to estimate ECLs, adopting a provision matrix to determine the lifetime ECLs for its trade and other receivables. The provision matrix estimates ECLs on the basis of historical default rates, adjusted for current and future economic conditions (expected changes in default rates) without undue cost and effort.

Impact assessment

Based on assessments undertaken to date, the total estimated adjustment of the adoption of the ECL impairment requirements on the Group's trade receivables is approximately N666.4 million, indicating an increase of about 70% over the impairment recognized under IAS 39. This will result in a reduction of retained earnings and trade receivables by N666.4 million.

The table below provides information about the estimated impact of adoption of IFRS 9 on the Group's equity on 1 January 2018;

In N'000	As reported at 31 December 2017	Estimated adjustment due to adoption of IFRS 9	Estimated adjusted opening balance on 1 January 2018
Retained earnings	160,257,556	(666,446)	159,951,110

The above assessment is preliminary because not all transition work has been finalised. The actual impact of adopting IFRS 9 on 1 January 2018 may change due to the following reasons:
– the Group is refining and finalising its provision matrix (model) for ECL calculations; and
– the new accounting policies, assumptions, judgements and estimation techniques employed are subject to change until the Group finalises its first financial statements that include the date of initial application.

Classification and Measurement – Financial liabilities

IFRS 9 largely retains the existing requirement in IAS 39 for the classification of financial liabilities. With respect to financial liabilities, these are currently recognized at amortised cost.

Our derivative instruments are measured at FV and changes in the FV are constantly being assessed and recognized in profit or loss.
Based on its assessment, the Group does not anticipate any significant financial impact on its equity arising from the adoption of the classification and measurement requirements of IFRS 9 on 1 January 2018.

Hedge Accounting

When initially applying IFRS 9, the Group may choose as its accounting policy to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements in IFRS 9. The Group has chosen to apply the new requirements of IFRS 9.

IFRS 9 requires the Group to ensure that hedge accounting relationships are aligned with the Group's risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

IFRS 9 also introduces new requirements on re-balancing hedge relationships and prohibiting voluntary discontinuation of hedge accounting. Under the new model, it is possible that more risk management strategies, particularly those involving hedging a risk component (other than foreign currency risk) of a non-financial item, will be likely to qualify for hedge accounting. The Group does not currently undertake hedges of such risk components, therefore, the Group does not anticipate any financial impact on its equity arising from the adoption of the classification and measurement requirements of IFRS 9 on 1 January 2018.

IFRS 16 - Leases

IFRS 16 replaces the existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining Whether an Arrangement, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual periods beginning on or after 1 January 2019. 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.

The Group has commenced an initial assessment of the potential impact on its financial statements but has not yet completed its detailed assessment. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the composition of the Group's lease portfolio at 1 January 2019, the Group's assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients and recognition exemptions.

So far, the most significant impact identified is that the Group will recognise new assets and liabilities for its operating leases of apartments, warehouses, depots, offices, vehicles and equipment. As at 31 December 2017, the Group's future minimum lease payments under non-cancellable operating leases amounted to ₦5.71 billion, on an undiscounted basis (See Note 38).

In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

The qualitative and quantitative impact of IFRS 16 is yet to be determined.

Transition

As a lessee, the Group can either apply the standard using a:
— retrospective approach; or
— modified retrospective approach with optional practical expedients.

The lessee applies the election consistently to all of its leases.

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 recognized as an adjustment to the opening balance of retained earnings at 1 January 2019, with no restatement of comparative information.

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Group is assessing the potential impact of using these practical expedients.

The Group is not required to make any adjustments for leases in which it is a lessor except where it is an intermediate lessor in a sub-lease.

Amendments to IFRS 2 - Share based payments

In June 2016, the IASB made amendments to IFRS 2-share based payments which clarified the effect of vesting conditions on the measurement of cash-settled share based payment transactions, the classification of share based payment transactions with net settlement features and the accounting for a modification of the terms and conditions that changes the classification of the transaction from cash- settled to equity-settled.

The amendments are effective for reporting periods on or after 1 January 2018. The Group will adopt the amendments from 1 January 2018.

Other standards that are not yet effective and that are not expected to have a material impact on the entity in the current or future reporting periods are as follows:

- Applying IFRS 9 financial instruments with IFRS 4 insurance contracts- Amendments to IFRS 4 (effective 1 January 2018)
- Annual improvements 2014-2016 cycle on IFRS 1 and IAS 28 (effective 1 January 2018).
- Transfers of investment property- Amendments to IAS 40 (effective 1 January 2018)
- Interpretation 22 foreign currency transactions and advance consideration (effective 1 January 2018)
- IFRS 17- Insurance contracts (effective 1 January 2021)

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.

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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 recognised 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 in directly to 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)*

Non-controlling interests (NCI) in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively. 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) *Equity method*

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 de-recognised 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.

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.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors. The operating segments are:

Segment by countries

a) Nigeria
b) South Africa

Segment by product line

a) Cement
Cement is sourced locally from Lafarge Africa cement plants across Nigeria. Lafarge supplies high quality cement for all grades of concrete.

b) Aggregates and concrete
Lafarge Africa works with strategic partners in the country to consistently supply aggregates and concrete.

c) Admixtures and other products
Regionally, Lafarge has strategic partnerships with international admixture producers. These are chemical compounds added to concrete to modify its properties. Examples are water reducing super plasticizing, accelerators and retarders.

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2.5 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) *Transactions and balances*

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

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

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

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

c) *Group companies*

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

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

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

2.6 Revenue recognition

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

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

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, fly ash and admixtures.

Rental income

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

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 costs

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

Finance costs are 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.

2.8 Government grants

The Company's government grants are not recognized until there is reasonable assurance that the Company 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 Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

The benefit of a government loan at a below-market rate of interest is treated as government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. The unwinding of the discount is recognised each year as a finance cost in the statement of 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, Nigeria, 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, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balance on a net basis.

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

(i) *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.

c) 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 ₦500,000, 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 ₦500,000). 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 statement of 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 separate 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 seperate 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

Non- financial assets (excluding inventory and deferred tax assets which are excluded from the scope of IAS 36 on impairment of non-financial assets) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

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 (consummables) 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. The cost includes direct cost and appropriate overheads and is determined on the first-in first-out method.

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

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) *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.

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for the year ended 31 December 2017

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.

2.14.2 Financial liabilities

Non-Derivative financial liabilities:

I) *Classification*

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

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 Company 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 depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 & mach.	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 recognize 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.

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 lives of three (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 qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, 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 the 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.

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.

2.18.1 Site restoration provisions

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

Site restoration costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the site 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 Employee benefits

a) Short-term employee benefits

This includes wages, salaries, bonuses, other contributions, paid annual leave and sick leave. These benefits are expensed and accrued 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 statement of profit or loss.

d) Share based payment

Cash-settled employee share option scheme

The fair value of the amount payable to employees which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value. Any changes in the liability are recognised in profit or loss. Details regarding the determination of the fair value of cash-settled share- based transactions are set out in Note 2.24.

2.20 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.

2.21 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.

2.22 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.

2.23 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.

2.24 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

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

Further information about the assumptions made in measuring the fair values of financial instruments is included in the following notes:
Note 4.3.1 – Financial Instrument – Fair value measurement

The Group only has assets measured on re-curring 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.

2.25 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 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 Employee share ownership plans

The accounting for cash-settled share-based payments requires the Group to make certain assumptions that have a significant impact on the expenses and liabilities that are recorded for these future pay-outs. The expected long-term payables as recorded in Note 34.4 are based on historical performances of similar entities, current and long-term earnings projections and statistics compiled and updated by management based on employee movements.

3.2.3 Trade receivables

The Group assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment should be recorded in profit or loss, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset. See further details in Note 23.

3.2.4 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 ₦1.86 billion and net assets would increase by ₦8.92 billion.

3.2.5 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.

3.2.6 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 the Mfamosing evacuation road, Kiln Preheater 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 15.7 and 15.8.

3.2.7 Impairment of Goodwill

The Group assesses its goodwill for possible impairment if there are events or changes in circumstances that indicate that carrying values of the cash generating unit (CGU) 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 containing the goodwill 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 goodwill associated with Lafarge South Africa Holdings (Pty) Ltd sites which have been closed. See further details in Notes 16.

3.2.8 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 13.8 for further details.

3.2.9 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 21.3.

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. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available, and if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. 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.

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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.

Derivatives are entered into with banks and financial institution counterparties which are rated A+ based on Fitch credit ratings.

The Group's policy is to provide financial guarantees to entities within the Group, however no financial guarantees were issued to any entity within the Group in 2017.

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

	Group		Company	
	31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
Trade receivables - Net (Note 23)	19,983,703	7,576,786	3,631,951	1,848,128
Other receivables (Note 23)	5,126,413	2,189,164	12,299,019	16,586,586
Other financial assets (Note 19) **	2,163,689	1,329,111	1,883,373	122,687,734
Cash and cash equivalents (Note 24)	50,414,757	19,440,966	41,698,854	7,653,851
Derivative assets	640,091	3,580,378	640,091	3,580,378
	78,328,653	34,116,405	60,153,288	152,356,677

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	
	31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
Neither past due nor impaired				
0 - 30 days	12,491,392	7,182,684	1,739,680	1,848,128
Past due but not impaired				
The ageing of amounts past due but not impaired is as follows:				
31 - 60 days	2,684,415	257,399	883,999	-
61 - 90 days	1,753,197	63,491	236,969	-
Over 90 days	3,054,700	73,212	771,303	-
	7,492,312	394,102	1,892,271	-
Impaired				
Past due and impaired	954,962	95,548	127,621	71,860
Total amount exposed to credit risk (Gross)	20,938,666	7,672,334	3,759,572	1,919,988
Impairment allowance (Note 23.2)	(954,963)	(95,548)	(127,621)	(71,860)
Total amount exposed to credit risk (Net)	19,983,703	7,576,786	3,631,951	1,848,128

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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 23.2.

(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 (2017). The credit ratings of the banks with the bank balances are shown below.

	Group		Company	
	31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
AAA	1,902,737	161,574	1,173,742	161,574
AA+	219,295	-	-	-
AA-	10,037,563	4,582,153	4,810,254	1,437,197
A+	13,078,340	3,764,046	12,942,725	2,513,715
A	357,258	-	32,191	-
BBB	2,760,362	7,803,430	766,312	3,306,229
BBB-	104,178	228,335	31,954	228,335
BB+	1,184,001	-	1,184,001	-
B	201,564	-	201,564	-
	29,845,298	16,539,538	21,142,743	7,647,050
Restricted cash at bank*	20,481,593	175,890	20,481,593	-
Others**	87,866	2,725,538	74,518	6,801
Total cash and cash equivalents	50,414,757	19,440,966	41,698,854	7,653,851

*Restricted cash represents unclaimed dividend and proceeds from right issue of shares to minority shareholders who took up 456,830,344 rights in the recently concluded Rights issue offer.

**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.

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'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	
	31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
Counterparties without external rating				
Group 1 - New customers < 1 year	1,288,346	507,281	699,800	-
Group 2 - Existing customer with no default	7,921,147	6,093,739	134,793	953,036
Group 3 - Existing customer with default	3,281,899	581,664	905,087	895,092
	12,491,392	7,182,684	1,739,680	1,848,128

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.

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:
- ₦27.8billion overdraft facility that is unsecured. Interest payable ranges from 19% - 23%.
- ₦60billion 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

Below is the analysis of the Group's financial liabilities into relevant maturity groupings based on the contractual maturities for all derivative and non-derivative financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

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Maturities of financial liabilities *(cont'd)*

Group

31 December 2017

	Carrying amount ₦'000	Contractual cash flows ₦'000	0-12 months ₦'000	1-3 years ₦'000	Above 3 years ₦'000
Non derivative financial instruments					
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 financial instruments					
Derivative liability	4,212,406	4,532,198	4,532,198	-	-
	398,257,744	419,948,421	341,465,976	77,407,803	1,074,642

31 December 2016

	Carrying amount ₦'000	Contractual cash flows ₦'000	0-12 months ₦'000	1-3 years ₦'000	Above 3 years ₦'000
Non derivative financial instruments					
Interest-bearing loans and borrowings	104,709,619	133,459,744	44,547,743	45,268,199	43,643,802
Trade and other payables**	97,409,463	97,409,463	97,409,463	-	-
Bank overdraft	22,995,462	22,995,462	22,995,462	-	-
	225,114,544	253,864,669	164,952,668	45,268,199	43,643,802

Company

31 December 2017

	Carrying amount ₦'000	Contractual cash flows ₦'000	0-12 months ₦'000	1-3 years ₦'000	Above 3 years ₦'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	-	-
	339,406,766	361,097,443	282,614,998	77,407,803	1,074,642

31 December 2016

	Carrying amount ₦'000	Contractual cash flows ₦'000	0-12 months ₦'000	1-3 years ₦'000	Above 3 years ₦'000
Non derivative financial instruments					
Interest-bearing loans and borrowings	106,380,681	137,920,487	49,008,486	45,268,199	43,643,802
Trade and other payables**	45,379,280	45,379,280	45,379,280	-	-
Bank overdraft	15,436,877	15,436,877	15,436,877	-	-
	167,196,838	198,736,644	109,824,643	45,268,199	43,643,802

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.

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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 and 1500 basis points increase or decrease are used when reporting LIBOR and NIBOR risk respectively to key management personnel and these represent management's assessment of the reasonably possible change in interest rates.

Floating interest rate (variable rate):
The financial liabilities with floating interest rates are shown below;

	Group		Company	
	31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
Foreign denominated variable rates				
Loan from Caricement B.V. (Note 30.3)	-	197,925	-	197,925
Related party loan (Note 30.5)	144,391,559	27,531,899	143,808,356	33,919,136
Preference shares (Note 30.6)	-	1,751,574	-	-
	144,391,559	29,481,398	143,808,356	34,117,061

Fixed rates for financial liabilities :
The financial liabilities with fixed interest rates are shown below;

Foreign denominated fixed rates				
Lafarge Gypsum S.A. PTY Ltd (Note 30.7)	338,421	174,920	-	-
	338,421	174,920	-	-
Naira denominated fixed rates				
Power Fund (7%)	7,698,505	6,332,944	7,698,505	6,332,944
Bond (14.25%/14.75%)	59,842,611	59,065,718	59,842,611	59,065,718
Due to FBN : Commercial Papers (16.53% - 17.01% p.a)	44,275,864	-	44,275,864	-
Due to FBN : Promisory Note (18% p.a)	-	4,364,958	-	4,364,958
Bank overdrafts	31,081,780	22,995,462	15,037,780	15,436,877
Bank loans (4%)	-	5,289,681	-	2,500,000
	142,898,760	98,048,763	126,854,760	87,700,497
Total	287,628,740	127,705,081	270,663,116	121,817,558

Floating interest rate (variable rate):
The financial assets with floating interest rates are shown below;

	Group		Company	
	31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
Foreign denominated variable rates				
Loan to CBI Ghana (12 months LIBOR +11%)	1,585,630	1,079,908	1,585,630	423,255
Loan receivable from NCH	-	-	-	16,967,025
	1,585,630	1,079,908	1,585,630	17,390,280

Fixed rates for financial assets :
The financial assets with fixed interest rates are shown below;

Naira denominated fixed rates				
Shareholder loan receivable from UNICEM	-	-	-	14,765,549
Loan to related party	-	-	-	60,000,000
	-	-	-	74,765,549

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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	
	31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
Foreign denominated variable rates				
Interest rates- decrease by 200 basis point	(2,887,831)	(589,628)	(2,876,167)	(682,341)
Interest rates- Increase by 200 basis point	2,887,831	589,628	2,876,167	682,341

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	
	31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
Foreign denominated variable rates				
Interest rates- decrease by 200 basis point	(31,713)	(21,598)	(31,713)	(347,806)
Interest rates- Increase by 200 basis point	31,713	21,598	31,713	347,806

(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 2017. 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;

	31Dec 2017		31 Dec 2016	
	Average rates	Closing rates	Average rates	Closing rates
US Dollars	331.28	331.16	305.29	304.50
Euros	397.70	397.56	344.75	321.58
GBP (Great Britain Pounds)	447.66	447.50	393.18	374.57
ZAR	24.55	26.74	13.20	13.82
CHF	340.02	339.90	250.24	308.55

***2017 rates are based on NIFEX rates while 2016 rates are based on CBN rates.

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Foreign currency denominated balances

	Group		Company	
	31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
US Dollar				
Financial assets				
Cash and cash equivalents	2,940	817	2,257	636
Loan receivables	4,395	1,390	4,395	53,234
Financial liabilities				
Borrowings	-	(754)	-	(650)
Trade and other payables	(16,298)	-	(16,298)	-
Net financial (liabilities)/asset	(8,963)	1,453	(9,646)	53,220
Euro				
Financial assets				
Cash and cash equivalents	427	547	38	335
Other receivables	-	-	-	-
Financial liabilities				
Borrowings	-	-	-	-
Trade and other payables	(9,316)	-	(9,316)	-
Net financial (liabilities)/asset	(8,889)	547	(9,278)	335
GBP				
Financial assets				
Cash and cash equivalents	30	43	2	-
Financial liabilities				
Trade and other payables	(140)	-	(140)	-
Net financial (liabilities)/asset	(110)	43	(138)	-
CHF				
Financial liabilities				
Trade and other payables	(58)	-	(58)	-
	(58)	-	(58)	-
ZAR				
Financial liabilities				
Trade and other payables	(2,437)	-	(2,437)	-
	(2,437)	-	(2,437)	-

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	
	31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
US Dollar				
Increase in exchange rate by 21%	(19,808)	3,211	(21,318)	117,616
Decrease in exchange rate by 21%	19,808	(3,211)	21,318	(117,616)
Euro				
Increase in exchange rate by 21%	(19,645)	1,209	(20,504)	740
Decrease in exchange rate by 21%	19,645	(1,209)	20,504	(740)
GBP				
Increase in exchange rate by 21%	(243)	95	(305)	-
Decrease in exchange rate by 21%	243	(95)	305	-

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CHF				
Increase in exchange rate by 21%	(128)	-	(128)	-
Decrease in exchange rate by 21%	128	-	128	-
ZAR				
Increase in exchange rate by 21%	(5,386)	-	(5,386)	-
Decrease in exchange rate by 21%	5,386	-	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. During 2017, the Group's strategy, which was unchanged from 2016, was to maintain a gearing ratio within 20% to 50%.

The gearing ratios at 31 December 2017 and 31 December 2016 were as follows:

	Group		Company	
	31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
Total borrowings	287,628,740	127,530,161	270,663,116	106,380,681
Less: Cash and cash equivalents excluding bank overdrafts	50,414,757	19,440,966	41,698,854	7,653,851
Net debt	237,213,983	108,089,195	228,964,262	98,726,830
Total equity	156,986,755	248,952,548	264,768,895	340,094,143
Total capital	394,200,738	357,041,743	493,733,157	438,820,973
Gearing ratio	151%	43%	86%	29%

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. The book and fair value of the trade and other receivables, financial assets, cash and cash equivalents, bank overdraft, trade and other payables is expected to approximate each other due to their short term maturities.

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	Group			
	31 December 2017		31 December 2016	
	₦'000 Fair value	₦'000 Book Value	₦'000 Fair value	₦'000 Book Value
Financial Assets				
Financial Assets classified as loans and receivables				
Trade and other receivables	25,110,116	25,110,116	9,765,950	9,765,950
Financial assets (excluding non-deliverable futures)	2,163,689	2,163,689	1,329,111	1,329,111
Cash and cash equivalents	50,414,757	50,414,757	19,440,966	19,440,966
Financial Assets classified at fair value through profit or loss				
Derivative assets	640,091	640,091	3,580,378	3,580,378
Financial Liabilities				
Financial liabilities classified as amortised cost				
Trade and other payables**	(106,416,598)	(106,416,598)	(97,409,463)	(97,409,463)
Bank overdraft	(31,081,780)	(31,081,780)	(22,995,462)	(22,995,462)
Borrowings	(241,941,502)	(256,546,960)	(108,617,615)	(104,709,619)
Financial liabilities classified at fair value through profit or loss				
Derivative liability	(4,212,406)	(4,212,406)	-	-

	Company			
	31 December 2017		31 December 2016	
	₦'000 Fair value	₦'000 Book Value	₦'000 Fair value	₦'000 Book Value
Financial Asset				
Financial Assets classified as loans and receivables				
Trade and other receivables	15,930,970	15,930,970	18,434,714	18,434,714
Financial assets	1,883,373	1,883,373	92,143,118	92,143,118
Cash and cash equivalents	41,698,854	41,698,854	7,653,851	7,653,851
Financial Assets classified at fair value through profit or loss				
Derivative assets	640,091	640,091	3,580,378	3,580,378
Financial Liabilities				
Financial liabilities classified at amortised cost				
**Trade and other payables	(64,531,244)	(64,531,244)	(45,379,280)	(45,379,280)
Bank overdraft	(15,037,780)	(15,037,780)	(15,436,877)	(15,436,877)
Borrowings	(241,019,878)	(255,625,336)	(110,463,597)	(106,380,681)
Financial liabilities classified at fair value through profit or loss				
Derivative Liability	(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.

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.

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.

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.

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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 2017

	Nigeria ₦'000	South Africa ₦'000	Total ₦'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

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

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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
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

Segment Information by Country - 31 December 2016

	Nigeria ₦'000	South Africa ₦'000	Total ₦'000
Revenue	152,415,517	67,298,595	219,714,112
Current operating Income/ (loss) **	12,986,442	582,400	13,568,842
Other Income	916,239	-	916,239
Other operating expenses	(2,223,228)	178,061	(2,045,167)
Operating profit / (loss)	11,679,453	760,461	12,439,914

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

Other Information			
Capital expenditure ***	38,028,252	3,500,288	41,528,540
Capital employed	297,298,299	27,411,497	324,709,796
Statement of financial position			
Segment non-current assets	382,462,571	27,197,273	409,659,844
Of which investments in Joint venture	89,551	-	89,551
Segment Current Assets	74,419,577	17,204,725	91,624,302
Total assets	456,971,699	44,401,998	501,373,697

	Nigeria ₦'000	South Africa ₦'000	Total ₦'000
Segment non-current liabilities	69,956,525	5,800,723	75,757,248
Segment current liabilities	159,673,400	16,990,501	176,663,901
Equity	227,341,774	21,610,774	248,952,548
Total equity and liabilities	456,971,699	44,401,998	501,373,697

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

Segment Information by Product line

	External revenue		Gross revenue	
	31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
Cement	238,779,718	176,285,949	238,779,718	176,285,949
Aggregates and concrete	57,701,767	41,783,264	57,701,767	41,783,264
Others	5,615,248	3,626,465	5,615,248	3,626,465
Related party sales elimination	(2,943,428)	(1,981,566)	-	-
Total	299,153,305	219,714,112	302,096,733	221,695,678

Revenue from internal customers of N2.94 billion (2016:N1.98 billion) has been eliminated on consolidation.

	Cement ₦'000	Aggregate and others ₦'000	Total ₦'000
Revenue	235,836,290	63,317,015	299,153,305
Cost of sales	(188,297,096)	(60,096,542)	(248,393,638)
Other Income	3,956,473	113,051	4,069,524
Other expenses***	(40,983,457)	(5,960,228)	(46,943,685)
Operating Income / (loss)	10,512,210	(2,626,704)	7,885,506

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

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	Group		Company	
	31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
6 Revenue				
Sale of goods	299,153,305	219,714,112	177,170,362	87,198,416
The following is an analysis of revenue by product:				
Cement	235,836,290	174,304,383	177,170,362	87,198,416
Aggregate and concrete	57,701,767	41,783,264	-	-
Admixtures and other products (Note 6.1)	5,615,248	3,626,465	-	-
	299,153,305	219,714,112	177,170,362	87,198,416

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.

	Group		Company	
	31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
7 Cost of sales by nature				
Variable costs (Note 7.1)	139,300,982	113,756,458	65,618,643	48,172,454
Production costs (Note 7.2)	30,894,531	26,897,675	10,315,832	1,757,592
Maintenance costs	18,441,132	14,880,299	7,333,206	4,637,593
Distribution costs	7,363,661	1,074,565	4,225,753	1,074,565
Depreciation (Note 15.12)	21,447,285	15,417,532	15,815,377	5,072,737
Impairment of property, plant and equipment (Note 15)	19,178,254	-	12,394,270	-
Amortisation and impairment of intangible assets	392,693	119,271	-	-
Prepaid medical (Note 7.3)	46,584	46,584	46,584	-
General costs (Note 7.4)	11,328,516	6,860,038	8,381,147	3,611,835
	248,393,638	179,052,422	124,130,812	64,326,776
7.1 Variable costs				
Distribution variable cost (Note 9.1)	57,790,594	40,075,688	25,576,757	15,356,245
Gas	24,851,162	20,323,647	16,901,645	10,720,066
Power	19,997,606	20,602,031	12,446,842	10,542,454
Raw materials and consumables	36,661,620	32,755,092	10,693,399	11,553,689
	139,300,982	113,756,458	65,618,643	48,172,454

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

7.3 Prepaid medical represents annual charge for the use of Luciama memorial hospital in Calabar for a period of 10 years. The remaining unamortised portion at year end is 6 months.

	Group		Company	
	31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
7.4 General costs				
Salaries and related staff costs	3,407,574	2,688,297	3,018,367	1,486,392
Fuel	297,220	31,786	276,385	31,786
Rent	342,906	168,680	341,228	168,680
Insurance	337,754	417,011	249,107	417,011
Office supplies & spare parts	765,527	148,597	667,679	148,597
Electricity	736,868	5,967	203,167	5,967

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General costs (cont'd)

	Group		Company	
	31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
Repairs & maintenance	815,930	232,718	622,375	232,718
Security Expenses	1,034,064	234,181	862,571	234,181
Office expenses & Stationeries	1,849,503	2,121,281	841,396	75,099
Community relations service	738,592	456,764	604,173	456,765
Other general costs	1,002,578	354,756	694,699	354,639
	11,328,516	6,860,038	8,381,147	3,611,835

		Group		Company	
		31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
8	**Selling and marketing expenses**				
	Advertising expenses	477,101	343,700	477,101	235,651
	Campaign and innovation expenses	331,593	262,506	331,593	98,589
	Other selling and marketing expenses (Note 8.1)	2,876,972	2,749,531	499,867	1,282,049
		3,685,666	3,355,737	1,308,561	1,616,289
8.1	**Other selling and marketing expenses**				
	Wages & salaries	2,745,229	2,720,657	486,357	1,253,175
	Personnel costs	131,743	28,874	13,510	28,874
		2,876,972	2,749,531	499,867	1,282,049

		Group		Company	
		31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
9.	**Administrative expenses by nature**				
	Wages & salaries	10,536,952	6,064,056	5,470,536	3,489,985
	AGM and Directors costs	194,040	149,163	148,331	54,265
	Audit fee	221,264	202,037	85,000	67,406
	Community relation	349,601	89,459	123,119	46,828
	Electricity	37,159	12,003	2,278	1,422
	Freight	19,771	6,500	19,771	6,500
	Fuel	56,283	91,581	41,682	51,038
	Insurance	953,172	121,920	222,622	67,529
	Merger costs	245,653	-	245,653	-
	Advance payment of taxes, dues and levies (Note 9.1)	1,381,277	-	1,381,277	-
	Other supplies & spare parts	409,810	130,606	356,440	66,851
	Rent	1,865,200	471,376	331,476	265,493
	Consultancy fee	3,257,138	1,442,912	2,475,745	936,094
	Repair and maintenance	128,502	128,260	114,622	78,187
	Security Cost	300,336	146,909	229,179	46,739
	Training	502,410	371,251	217,748	371,251
	Travel	1,562,850	1,084,169	1,058,550	587,792
	Vehicle leasing	242,968	107,794	204,026	42,811
	Remeasurement of Long Service Award	14,792	117	13,461	117
	Office and general expenses (Note 9.2)	8,807,300	5,105,136	3,938,440	96,513
	Depreciation (Note 15.12)	733,874	459,951	488,890	97,548
	Technical service fees (Note 9.4)	9,774,168	7,551,911	5,078,844	2,528,032
		41,594,520	23,737,111	22,247,690	8,902,401

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9.1 Advance payment of taxes, dues and levies

During the year, the Company entered into an agreement with a state government to advance an amount not exceeding ₦2.8 billion annually as payments for all taxes, dues and levies payable to the state. The agreement is for a three-year period commencing April 2017, which effectively exempts the Company from all state taxes, dues and levies during the agreed period.

In line with the agreement, the Company made an advance payment of ₦2.8 billion, of which ₦2.1 billion relates to the current financial year. This amount has been included in the consolidated and separate statements of profit or loss and other comprehensive income as Cost of sales ₦0.7 billion (under Note 7.1 - Distribution variable cost) and Administrative expenses ₦1.4 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 since their appointment as auditors is N69.7 million. This is in respect of customer market remuneration survey, data assurance, fleet management, scrutineer and tax advisory services which were mostly contracted prior to KPMG's appointment as auditors.

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, UNICEM (which has now been merged as part of Lafarge Africa Plc as at year end) has a technical and business support service agreement with Holcim Technology Limited, a related party. The agreement, which has since been registered with NOTAP is computed as 3% of net sales and 2% of profit before tax. Although the initial agreement expired on 31December 2016, the Company has requested for NOTAP approval for the renewal of the agreement for one-year and has also obtained waiver from the Financial Reporting Council of Nigeria (FRCN), which now enables UNICEM to accrue for technical fees relating to 2017 financial year. Furthermore, 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 ₦27.98 billion and ₦18.27 billion (2016: ₦9.89 billion and ₦5.87 billion) respectively.

10 Other income

	Group		Company	
	31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
Gain on disposal of property, plant and equipment (Note 10.1)	2,373,837	1,045	2,321,399	1,045
Re-measurement gain on long service award	-	26,954	-	-
Government grants (Note 10.2)	160,192	579,075	160,192	30,104
Rental income (Note 10.3)	-	64,998	-	1,700
Scrapped and other miscellaneous income (Note 10.4)	1,533,728	243,101	1,406,301	60,533
Investment income (Note 10.5)	1,767	1,066	294,055	276,988
	4,069,524	916,239	4,181,947	370,370

10.1 Gain on disposal of property, plant and equipment

In the current year, this represents gain on disposal of the Company's Property, plant and equipment (Elephant Cement House Building) located in Alausa, Ikeja, to the Lagos State Government after occupying the building for over two decades. The total proceed from the disposal amounted to ₦3.1 billion. In prior year, this relates to other items of property, plant and equipment disposed.

10.2 Government grants

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

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10.3 Rental income

In 2016, the Group earned rental income from the hire of apartments to contractors in Ashaka. During the year, these apartments were occupied by employees of the group, therefore, the Group did not earn rental income from the hire of apartments during the year.

10.4 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).

	Group		Company	
	31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
10.5 Investment income				
Dividends received from subsidiaries (Note 10.5.1)	-	-	294,055	276,988
Dividend received from unlisted investments (Note 10.5.2)	1,767	1,066	-	-
	1,767	1,066	294,055	276,988

10.5.1 Dividend received from subsidiaries

This represents dividend received from AshakaCem Plc (2017:100% holding, 2016:84.97% holding).

10.5.2 Dividend received from unlisted investments

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

	Group		Company	
	31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
11 Other operating expenses				
Impairment of other receivables (Note 11.1)	-	1,529,756	-	1,359,685
Impairment of trade receivables	818,995	-	31,957	-
Write off of assets	844,504	515,411	427,596	515,411
	1,663,499	2,045,167	459,553	1,875,096

11.1 Impairment of other receivables

Impairment of other receivables largely relates to inter-company invoices outstanding in prior year.

	Group		Company	
	31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
12 Finance income and costs				
a) Finance income:				
Interest income on current accounts	1,324,165	244,063	1,047,462	165,885
Interest income from Short term fixed deposits	1,582	401,938	1,582	-
Interest on loan receivable	113,233	3,029,233	58,432	7,165,990
Finance income per statement of cash flows	1,438,980	3,675,234	1,107,476	7,331,875
Foreign exchange gain (net)	-	-	-	8,730,999
Finance income per profit or loss	1,438,980	3,675,234	1,107,476	16,062,874

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Finance income and costs *(cont'd)*

		Group		Company	
		31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
b)	**Finance costs:**				
	Interest on bank overdraft	(6,642,228)	(870,865)	(3,548,707)	(416,261)
	Interest on borrowings (Note 30.9)	(22,067,619)	(14,192,725)	(24,782,932)	(6,115,513)
	Unwinding of discount on provisions (Note 31.1)	(182,154)	(123,728)	(118,412)	(62,162)
	Interest cost on employee's long service award (Note 33.1)	(167,137)	(61,077)	(127,147)	(48,927)
	Interest cost on defined benefit (Note 33.2)	(372,786)	(255,677)	(108,529)	(99,313)
	Bank charges	(309,069)	(715,013)	(270,874)	(280,160)
	Finance costs per statement of cash flows	(29,740,993)	(16,219,085)	(28,956,601)	(7,022,336)
	Foreign exchange loss (net) (Note 12.1)	(13,475,507)	(22,702,255)	(12,342,523)	-
	Finance costs per profit or loss	(43,216,500)	(38,921,340)	(41,299,124)	(7,022,336)
	Net finance (costs)/ income recognised in the profit or loss	(41,777,520)	(35,246,106)	(40,191,648)	9,040,538

		Group		Company	
		31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
c)	**Interest received per statement of cash flows**				
	Finance income per profit or loss	1,438,980	3,675,234	1,107,476	16,062,874
	Interest receivable	(58,457)	-	(58,431)	-
	Foreign exchange gain (net)	-	-	-	(8,730,999)
	Interest received per statement of cash flows	1,380,523	3,675,234	1,049,045	7,331,875

		Group		Company	
		31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
d)	**Interest paid per statement of cash flows**				
	Finance cost per profit or loss	(43,216,500)	(38,921,340)	(41,299,124)	(7,022,336)
	Interest payable	5,320,751	1,185,234	9,862,952	1,818,983
	Non-cash interest charged to profit or loss	722,077	440,482	354,088	210,402
	Foreign exchange loss (net)	13,475,507	22,702,255	12,342,523	-
	Interest paid per statement of cash flows	(23,698,165)	(14,593,369)	(18,739,561)	(4,992,951)

12.1 Foreign exchange loss (net)

This largely arose from the translation of USD denominated loans borrowed by UNICEM, foreign vendor transactions and intercompany transactions. UNICEM was previously a subsidiary in 2016 but is now merged into the Company in 2017.

13 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	
		31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
13.1	Minimum tax charge recognised in profit or loss	287,672	271,163	287,672	-

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

	Group		Company	
	31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
Current income tax				
Company income tax	1,387,188	1,199,930	-	-
Education tax	935,459	48,960	821,406	-
Prior year over provision	16,228	(120,524)	-	-
Capital gains tax	116,326	-	116,326	-
Total current tax expense	2,455,201	1,128,366	937,732	-

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Income tax (credit)/ expense recognised in profit or loss *(cont'd)*

	Group		Company	
	31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
Deferred income tax				
Deferred income tax (credit)/charge to profit or loss (Note 13.8)	(2,173,741)	(41,117,028)	4,900,031	(889,586)
Income tax (credit)/charge	281,460	(39,988,662)	5,837,763	(889,586)
Income tax (credit)/ expense	281,460	(39,988,662)	5,837,763	(889,586)

The Company's operating results when adjusted for tax purposes, resulted in an assessable income and a nil taxable income. Accordingly, in current year, provision has been made for tertiary education tax but no provision has been made for Company Income tax. In prior year, adjustment to the Company's operating results for tax purposes resulted in nil assessable and nil taxable income. Accordingly, no provision was made for income and tertiary education taxes for the year 2016.

13.3 Reconciliation of effective tax to statutory tax

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

	Group		Company	
	31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
(Loss) / profit before tax from continuing operations before income tax credit	(34,032,277)	(22,818,718)	(7,098,191)	19,888,762
Tax calculated at statutory tax rate of 32%, 28% for LSAH (2016: 30%, 28% for LSAH)	(9,919,899)	(6,841,459)	(2,271,421)	5,966,629
Impact of disallowable expenses for tax purpose	8,815,663	559,306	6,636,055	585,620
Impact of non taxable income	(1,049,072)	(124,534)	(1,182,119)	(83,097)
Changes in estimate relating to prior year	460,719	(120,524)	681,199	-
Impact of education tax rule	-	48,960	-	-
Impact of unrecognised tax losses	-	8,892	-	-
Effect of tax exemption - Netherlands	(4,848,359)	(2,103,406)	(4,848,359)	-
Effect of pioneer status	-	(9,022,642)	-	(7,358,738)
Impact of minimum tax	-	(271,163)	-	-
Recognition of previously unrecognised deductible-temporary differences	-	(22,122,092)	-	-
Impact of capital gains tax	116,326	-	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	-
Income tax expense/ (credit) recognised in profit or loss	281,460	(39,988,662)	5,837,763	(889,586)
Effective tax rate	-1%	175%	-82%	-4%

13.4 Income tax recognised in other comprehensive income

	Group		Company	
	31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
Deferred tax arising on:				
Remeasurement of defined benefit obligation	(96,854)	(63,442)	(58,384)	(20,046)

13.5 Current tax asset

	Group		Company	
	31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
At 1 January	487,279	827,695	-	-
Charge for the year:				
Company income tax	(209,878)	(895,146)	-	-
Prior year over-provision	(16,228)	35,973	-	-
	(226,106)	(859,173)	-	-

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Current tax asset *(cont'd)*

	Group		Company	
	31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
Payments during the year	203,127	429,638	-	-
Exchange rate difference	453,497	89,119	-	-
At 31 December	917,797	487,279	-	-

13.6 Current income tax liabilities

	Group		Company	
	31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
Balance at 1 January	1,311,906	1,214,720	363,625	606,850
Transfer through internal merger	-	-	271,163	-
Charge for the year:				
Company income tax	1,177,335	304,784	-	-
Education tax	935,459	48,960	821,406	-
Capital gains tax	116,326	-	116,326	-
Minimum tax	287,672	271,163	287,672	-
Prior year over-provision	-	(84,551)	-	-
	2,516,792	540,356	1,496,567	-
Payment during the year	(568,930)	(443,170)	(307,000)	(243,225)
Withholding tax utilised	(8,243)	-	(8,243)	-
At 31 December	3,251,525	1,311,906	1,544,949	363,625

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

	Group		Company	
	31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
Current income tax asset paid (Note 13.5)	(203,127)	(429,638)	-	-
Current income tax liabilities paid (Note 13.6)	(568,930)	(443,170)	(307,000)	(243,225)
Total current income taxes paid	(772,057)	(872,808)	(307,000)	(243,225)

13.8 Deferred income tax

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

	Group		Company	
	31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
Deferred tax assets	7,951,595	7,641,003	16,333,384	-
Deferred tax liabilities	(1,463,106)	-	-	(18,031,333)
Deferred tax assets/(liabilities) net	6,488,489	7,641,003	16,333,384	(18,031,333)

Group

Deferred tax liabilities/(assets):

	At 1 January 2017 ₦'000	(Credit)/ charge to P/L ₦'000	(Credit)/ charge to OCI ₦'000	Exchange rate differences ₦'000	31December 2017 ₦'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 liabilities/(assets)	(7,641,003)	(2,173,741)	96,854	3,229,401	(6,488,489)

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Deferred tax liabilities/(assets):

	At 1 January 2016 ₦'000	(Credit)/ charge to P/L ₦'000	(Credit)/ charge to OCI ₦'000	Exchange rate differences ₦'000	At 31December 2016 ₦'000
Property, plant and equipment	37,092,537	(18,242,863)	-	682,453	19,532,127
Provisions and other liabilities	(3,839,920)	(1,458,464)	-	(88,811)	(5,387,195)
Unutilised tax losses	-	(2,567,337)	-	-	(2,567,337)
Post employment benefit obligation	(148,731)	1,123	(63,442)	-	(211,050)
Prepayments	33,630	2,844	-	2,263	38,737
Operating lease liability	(61,283)	(253)	-	(4,455)	(65,991)
Unrealised exchange differences	-	(18,980,294)	-	-	(18,980,294)
Others	(138,910)	128,216	-	10,694	-
Total deferred tax liabilities/(assets)	32,937,323	(41,117,028)	(63,442)	602,144	(7,641,003)

Company

Deferred tax assets/(liabilities):

	At 1 January 2017 ₦'000	Arising from reorganisation ₦'000	(Credit)/ charge to P/L ₦'000	(Credit)/ charge to OCI ₦'000	At 31December 2017 ₦'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)
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 liabilities/ (assets):

	At 1 January 2016 ₦'000	Arising from reorganisation ₦'000	(Credit)/ charge to P/L ₦'000	(Credit)/ charge to OCI ₦'000	At 31December 2016 ₦'000
Property, plant and equipment	20,332,935	-	(932,890)	-	19,400,045
Unutilised tax losses	-	-	(69,671)	-	(69,671)
Provisions and other liabilities	(1,145,374)	-	(591,442)	-	(1,736,816)
Unrealised exchange differences	6,915	-	574,910	-	581,825
Post employment benefit obligation	(148,731)	-	(15,365)	20,046	(144,050)
Others	(144,872)	-	144,872	-	-
Total deferred tax liabilities/(assets)	18,900,873	-	(889,586)	20,046	18,031,333

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 unutilized tax losses can be utilised. In prior year, deferred tax assets of N399 million in respect of some deductible temporary differences and unutilized tax losses were not recognised by the Group as it was not probable that taxable profits will be available in future for utilisation. In current year, there are no unrecognized Deferred tax assets.

14 (Loss)/Profit before minimum tax

	Group		Company	
	31Dec 2017 ₦'000	31 Dec 2016 ₦'000	31Dec 2017 ₦'000	31 Dec 2016 ₦'000
(Loss)/profit before minimum tax is stated after charging/(crediting):	(34,032,277)	(22,818,718)	(7,098,191)	19,888,762
Depreciation of property, plant and equipment (Note 15)	22,181,159	15,877,483	16,304,267	5,170,285
Amortisation and impairment of intangible assets (Note 7)	392,693	119,271	-	-
Impairment of property, plant and equipment (Note 15)	19,178,254	-	12,394,270	-
Write off of assets	844,504	515,411	427,596	515,411
Directors emoluments (Note 39.7)	336,838	376,378	336,838	287,356
Audit fees (Note 9)	221,264	202,037	85,000	67,406
Technical service fees (Note 9)	9,774,168	7,551,911	5,078,844	2,528,032
Gain on disposal of PPE (Note 10)	2,373,837	1,045	2,321,399	1,045
Foreign exchange loss/(gain) (Note 12b)	13,475,507	22,702,255	12,342,523	(8,730,999)
Interest income on current account (Note 12a)	1,324,165	244,063	1,047,462	165,885

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15 Property, plant and equipment

Group

	Leasehold Land	Buildings	Production Plant	Capitalized Spares	Furniture	Motor Vehicles	Computer Equipment	Ancillary Plant & Mach.	Construction Expenditure	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cost:										
As at 1 January 2016	7,206,708	75,627,741	278,029,407	1,950,343	5,033,923	2,819,607	1,356,633	335,231	95,949,933	468,309,526
Capital expenditure	-	3,111	187,977	-	173	50,918	-	-	41,121,940	41,364,119
Construction expenditure capitalised (Note 15.1)	998,767	32,179,332	59,154,789	415,097	1,508,234	87,915	27,248	221,302	(94,592,684)	-
Reclassification	(247,725)	-	(827,555)	-	-	-	66,340	-	761,215	(247,725)
Disposals	-	(52,294)	(328,959)	-	(48,232)	(214,093)	-	-	-	(643,578)
Write-offs	-	-	-	-	-	-	-	-	(1,025,192)	(1,025,192)
Exchange difference	-	295,304	2,932,769	-	34,541	-	-	-	(93,468)	3,169,146
As at 31 December 2016	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
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	-	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)
Exchange difference	-	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

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for the year ended 31 December 2017

15 Property, plant and equipment *(cont'd)*

Group

	Leasehold Land	Buildings	Production Plant	Capitalized Spares	Furniture	Motor Vehicles	Computer Equipment	Ancillary Plant & Mach.	Construction Expenditure	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Accumulated depreciation and impairment losses:										
As at 1 January 2016	3,114,165	14,998,041	76,768,341	947,574	4,545,095	2,386,773	1,010,307	141,913	-	103,912,209
Charge for the year	556,998	2,508,918	11,709,939	319,651	203,692	418,940	45,254	114,091	-	15,877,483
On disposals	-	(24,227)	(33,771)	-	(7,146)	(206,154)	-	-	-	(271,298)
Exchange difference	3,000	77,755	1,064,170	-	22,161	-	-	-	-	1,167,086
As at 31 December 2016	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
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
Exchange difference	-	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
Carrying amount										
As 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
At 31 December 2016	4,283,587	90,492,707	249,639,749	1,098,215	1,764,837	144,788	394,660	300,529	42,121,744	390,240,816

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15 Property, plant and equipment

Company

	Leasehold Land	Buildings	Production Plant	Capitalized Spares	Furniture	Motor Vehicles	Computer Equipment	Ancillary Plant & Mach.	Construction Expenditure	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cost:										
As at 1 January 2016	2,370,573	2,399,958	137,457,189	1,950,343	2,412,054	1,254,366	1,356,633	335,231	4,789,896	154,326,243
Capital expenditure	-	-	-	-	-	50,918	-	-	2,512,018	2,562,936
Construction expenditure capitalised	-	622,029	482,719	415,097	17,957	87,915	27,248	221,302	(1,874,267)	-
Reclassification	-	-	(827,555)	-	-	-	66,340	-	761,215	-
Disposals	-	-	-	-	-	(71,043)	-	-	-	(71,043)
Write-offs	-	-	-	-	-	-	-	-	(1,025,192)	(1,025,192)
As at 31 December 2016	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
Cost:										
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

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15 Property, plant and equipment *(cont'd)*

Company *(cont'd)*

	Leasehold Land ₦'000	Buildings ₦'000	Production Plant ₦'000	Capitalized Spares ₦'000	Furniture ₦'000	Motor Vehicles ₦'000	Computer Equipment ₦'000	Ancillary Plant & Mach. ₦'000	Construction Expenditure ₦'000	Total ₦'000
Accumulated depreciation and impairment losses:										
As at 1 January 2016	17,253	932,264	29,680,851	947,574	2,319,118	1,025,707	1,010,307	141,913	-	36,074,987
Charge for the year	1,918	101,470	4,400,925	319,651	40,494	146,482	45,254	114,091	-	5,170,285
On disposals	-	-	-	-	-	(69,628)	-	-	-	(69,628)
As at 31 December 2016	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
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
Carrying amount										
As 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
At 31 December 2016	2,351,402	1,988,253	103,030,577	1,098,215	70,399	219,595	394,660	300,529	5,163,670	114,617,300

15.1 Change in classification

Construction expenditure capitalised relating to AshakaCem was disclosed as acquisition through business combinations in 2016. This has been reclassified to construction expenditure capitalised in the current year.

15.2 Reclassification

In 2016, cost and accumulated depreciation of Building relating to Lafarge South Africa Pty was classified under Leasehold land. This has been reclassified in the current year with the related exchange difference.

Reclassification in current year relates to items initially classified as vehicles that were classified to ancilliary plant and equipment. Additionally, items of computer equipment classified as production plant in prior year have been reclassified to computer equipment.

15.3 Capitalised borrowing costs

The Group started the construction of a new cement plant (Mfamosing cement Line 2 Plant in UNICEM, Calabar) in December 2013 and completed it during the reporting year. The carrying amount of the Cement plant at 31 December 2017 was N99.1 billion (2016 ₦69.4 billion). The Cement plant construction is financed by third parties in a common arrangement.

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Capitalisation of borrowing cost ceased in 2016 as substantial part of the project had been completed at the time, hence no borrowing cost relating to the construction of the cement plant was capitalised in the current year. (2016: ₦15.6 billion). The rate used to determine the amount of borrowing costs eligible for capitalisation was 15.95% in 2016, which is the effective interest rate of the specific borrowing.

15.4 Construction work in progress

As at 31 December 2017, the Group had expended ₦99.1 billion (2016: ₦82.3 billion) on the construction of Mfamosing cement Line 2 Plant which is recognised under Construction expenditure. Included in the capitalised cost of the plant is an evacuation road constructed by the Group for ₦12.4 billion (2016: ₦12.3 billion) which has been fully impaired as at 31st December 2017.

Construction expenditure includes the cost of the Kiln Preheater project in AshakaCem, amounting to ₦3.3billion and has been fully impaired as at 31st December 2017.

Also included in construction expenditure at year end is an amount of ₦1.319 billion (2016: ₦897 million) and ₦509.2 million (2016: ₦87 million) for Group and Company respectively expended on exploration and evaluation of limestone and coal as well as the construction expenditure on costs relating to the Company's on-going energy projects amounting to ₦3.1 billion to facilitate the availability of alternative source of energy for plant operations and power generation for sale to third parties. As at year end, certain quarry and mining equipment for the Mfamosing plant at Calabar amounting to ₦1.38 billion were in transit. This amount has been included as part of construction expenditure at year end.

15.5 Property, plants and equipment under construction

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

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Exploration and evaluation	1,318,626	896,643	509,203	87,640
Production plant	8,199,743	23,808,174	5,731,017	1,827,877
Ancillary plant & equipment	1,618,952	-	1,618,952	-
Critical spares	96,061	-	96,061	-
Buildings	1,900,032	876,349	1,258,513	404,865
Power	4,015,258	4,082,169	-	2,814,088
Road	837,919	12,261,736	-	-
Computer equipment	41,256	-	41,256	-
Motor vehicle	325,062	196,673	103,896	29,200
	18,352,909	42,121,744	9,358,898	5,163,670

15.6 Reconciliation of acquisition of property. plant and equipment in the statements of cash flows:

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Acquisition or property, plant and equipment	20,351,343	41,364,119	12,535,366	2,562,936
Property, plant and equipment accrual	(5,072,849)	-	(2,175,311)	-
Property, plant and equipment paid in the statement of cash flows	15,278,494	41,364,119	10,360,055	2,562,936

15.7 Impairment of construction work in progress

As at 31 December 2017, the Group has expended ₦12.4 billion on the construction of Mfamosing evacuation road at UNICEM Calabar. During the year the Group engaged independent civil engineering companies to assess the state of the road and to determine whether it is capable of operating in the manner intended by management and the cost to completion. The consultant has determined that the road is not capable of operating in the manner intended by management as a result of the soil component and the usage of sub-standard materials in the construction of the road. Furthermore, the cost to completion, as determined by the consultant is significantly higher than budgeted. Accordingly, management has recognized a full impairment of the evacuation road.

Management has carried out an impairment assessment of the Kiln Preheater project and impairment charge of ₦3.3 billion have been recognised as at 31 December 2017.

15.8 Impairment of site from LSAH

In preparation of a restructuring plan in Lafarge South Africa, aimed at cutting fixed costs, some assets including production plants, buildings, furniture and construction expenditure have been impaired. Some of these assets had earlier been mothballed and feasibility studies could not prove a basis to re-open those sites in terms of the high logistics costs and capital expenditure required. Total value of impaired assets written off in South Africa amounted to ₦4.68 billion as at 31 December 2017.

15.9 Recoverable amount of impaired assets

Management has estimated the recoverable amount of impaired assets based on the value in use of the assets. The value in use of the assets is calculated from cash flow projections using data from the Group's latest internal forecasts. The key assumptions for the value in use calculation are those regarding estimated future cash flows expected to be derived from the assets.

As indicated in Note 15.7, as a result of technical and strategic considerations, management has decided not to complete the Mfamosing Road and the Kiln Preheater Project. As these assets will not be completed and become available for use in the future, management has determined that there will be no future cash flows arising from the use of the assets.

Similarly, as indicated in Note 15.8, the assets impaired by Lafarge South Africa had been mothballed in previous years. During the year, management reassessed the likelihood of restoring the assets to a condition where they will become available for use. As a result of this reassessment, management decided not to incur any further expenditure to restore the assets based on the significant costs that will be required. Therefore, these assets are not expected to be put into use in the future and no future cash flows are expected to be derived from the use of the assets.

15.10 Assets pledged as security

In prior year, the assets of the South African entities and UNICEM, with a net book value totaling ₦27.9 billion and ₦195.5 billion respectively were pledged as security for bank borrowings to the tune of the outstanding balance of total borrowings outside the Group as at the reporting date (see Note 30). In 2017, the pledge on assets in UNICEM has been changed to a negative pledge on the Lafarge Africa Plc's assets.
The Group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

15.11 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.

15.12 Depreciation

Depreciation for the year has been charged as follows:

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Cost of sales	21,447,285	15,417,532	15,815,377	5,072,737
Administrative expenses	733,874	459,951	488,890	97,548
	22,181,159	15,877,483	16,304,267	5,170,285

16 Intangible assets

	Group	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Cost		
At 1 January	2,914,806	2,743,418
Addition	228,192	164,421
Disposal	-	(143,775)
Exchange difference	1,959,343	150,742
	5,102,341	2,914,806
Accumulated amortisation		
At 1 January	1,351,307	1,194,491
Charge for the year	166,023	261,195
On disposal	-	(141,924)
Impairment**	226,670	-
Exchange difference	724,015	37,545
	2,468,015	1,351,307
Carrying amount	2,634,326	1,563,499

Intangible assets represents mineral rights, good will and computer software in the Group's operations. The Company does not have intangible assets.

**Impairment in intangibles relates to goodwill associated with Lafarge South Africa Holdings (Pty) Ltd sites which have been closed.

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17 Business Combination

The Group applies the pooling of interest method for its business combination under common control. The difference between the net assets acquired at their carrying value and the consideration paid is recognised in equity. In the reporting period, Lafarge Africa Plc acquired the remaining non-controlling interest in AshakaCem; merged UNICEM and Atlas into Lafarge Africa Plc and also liquidated ECH and NCH.

17.1 Merger of UNICEM and Atlas with Lafarge Africa Plc

During the year, the Company sought and obtained shareholders' and regulatory approval to merge with two wholly owned subsidiaries, UNICEM and Atlas, effective on 22 December 2017.

The merger was effected during the year and the operational integration of the entities has been finalised. The subsidiaries which were merged were ultimately controlled by the same party before and after the merger and Common control is therefore not transitory. Consequently, this is a business combination of entities under common control. The Company has updated its accounting policy in the consolidated and separate financial statements of Lafarge Africa Plc as at 31 December 2017. The Directors have also elected to state the performance of the merged entities as if the merger had taken place at the beginning of the financial year (1st January 2017).

The Directors have elected not to restate the comparatives in the Separate Statement of profit or loss and other comprehensive income as this is not explicitly required by the standards.

The net assets of these subsidiaries were transferred to the Company at no purchase consideration and recognised in other reserves in accordance with the Group's accounting policy.

17.2 Liquidation of ECH and NCH

On 11 December 2017, in order to streamline the Group structure, Egyptian Cement Holdings (ECH) and Nigerian Cement Holdings (NCH) were liquidated and their assets and liabilities assumed by Lafarge Africa. This was done in order for Lafarge Africa to have direct ownership of UNICEM.

Prior to the liquidation of Nigerian Cement Holdings (NCH), included in other reserves was Quasi equity instrument amounting to a sum of NGN 139 billion which represented USD 493 million loans originally due to Holderfin B.V. but later assigned to Caricement B.V. This instrument was initially carried as loans in prior years but was converted to an equity instrument in July 2016, with amendments made to the existing loan agreements. Amendments to the loan agreements showed that repayment of the loans was at the discretion of the Company and due on liquidation of the borrower.

In 2017 and upon the liquidation of NCH, the outstanding Quasi-Equity instrument of USD344 million (inclusive of accrued interest of USD17.2 million) was converted to loan in the books of Lafarge Africa. Subsequently, loans payable to Caricement B.V were used in subscribing for rights taken up by Caricement B.V in respect of the rights issue via a debt to equity conversion as at 31 December 2017.

Purchase consideration	31 Dec 2017 ₦'000
Consideration paid	-
Carrying value of the additional interest in ECH	
ECH investment in NCH	(113,868,029)
Lafarge Africa Plc Investment in ECH	(65,116,492)
NCH investment in UNICEM	(182,530,138)
Lafarge Africa Plc Investment in Atlas	(2,150,944)
ECH share capital	5,735
NCH share capital	5,536
UNICEM share capital	86,444,156
Atlas share capital	1,241,840
ECH share premium	118,558,435
NCH share premium	248,966,884
ECH retained earnings taken over	3,151,906
NCH retained earnings taken over	2,940,375
Atlas share premium	693,555
UNICEM retained earnings	(87,850,129)
Atlas retained earnings	(2,756,875)
Impact on other reserves arising on re-organisation	7,735,815

Movement of Quasi-Equity Loan in Statement of Changes in Equity

	Group 31 Dec 2017 ₦'000	Company 31 Dec 2016 ₦'000
Quasi-equity loan repayment	(60,434,398)	(60,434,398)
Quasi-equity loan- Interest	9,849,333	9,849,333
Additional Quasi equity loan received	1,842,389	1,842,389
Quasi-Equity loan settled	(105,033,386)	(105,033,386)
Quasi-Equity FX impact	(45,677,817)	(45,677,817)
	(199,453,879)	(199,453,879)

17.3 Acquisitions in Egyptian Cement Holdings - 31 December 2016

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

Acquisitions in Egyptian Cement Holdings - 31 December 2016

Purchase consideration	31 Dec 2016 ₦'000
Consideration paid	(30,988,178)
Carrying value of the additional interest in ECH	
ECH investment in NCH	(113,868,029)
NCH investment in UNICEM	(182,530,138)
ECH share capital	5,735
NCH share capital	5,536
ECH share premium	118,558,435
NCH share premium	109,605,247
ECH retained earnings taken over	2,029,783
NCH retained earnings taken over	(3,540,883)
50% of ECH NCI share capital acquired	43,222,078
50% portion of ECH Retained earnings as at 31/12/2015 taken over	(37,545,056)
Difference recognised in other reserves arising on business combination and re-organisation	(95,045,470)

18 Interests in other entities

18.1 Investment in subsidiaries

The Group's principal subsidiaries at 31 December 2017 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 2017

Name of entity	Principal activities	Place of Incorporation	Proportion %	Cost ₦'000
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	Cement	Nigeria	100	63,896,867
				182,088,406

31 December 2016

Name of entity	Principal activities	Place of Incorporation	Proportion %	Cost ₦'000
Lafarge Ready Mix Nigeria Limited	Aggregate and Concrete	Nigeria	100	50,000
Atlas Cement Company Limited	Cement	Nigeria	100	2,150,944
Egyptian Cement Holdings	Cement	Nigeria	100	65,116,492
Lafarge South Africa Holdings (PTY) Limited	Building Materials	South Africa	100	118,141,539
Ashaka Cement PLC	Cement	Nigeria	84.97	58,432,288
				243,891,263

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18.2 Transactions with non-controlling interests

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

Following the resolution of the shareholders of AshakaCem at an Extraordinary General Meeting to delist the company from the floor of the Nigerian Stock Exchange, an Exit Option was provided by Lafarge Africa Plc to all minority shareholders of AshakaCem. The terms of the exit option were similar to that offered for the Voluntary Tender Offer (VTO) i.e 57 Lafarge Africa shares for every 202 AshakaCem shares plus ₦2 per every Ashaka shares. At the end of the period to exercise the Exit Option in July 2017, Lafarge Africa Plc acquired 34,656,819 shares from minorities of Ashaka Cem against which it issued its own 9,779,853 ordinary shares. Lafarge Africa Plc also paid the cash portion of the consideration amounting to ₦69,313,638.

Subsequently, in October 2017, at an Extraordinary General Meeting, the shareholders of AshakaCem passed a resolution which approved a Scheme for the Reorganisation of the share capital of the company. Under the terms of the scheme and similar to the terms of the Mandatory Tender Offer (MTO), the Voluntary Tender Offer (VTO) and the Exit Option at the delisting of the company, 85,261,220 shares of Lafarge Africa Plc were issued to the remaining 13.49% minority shareholders in AshakaCem in exchange for the 302,045,793 shares held by them. In addition Lafarge Africa Plc paid the cash portion of the consideration in the sum of ₦604,091,586. The transaction was concluded in December 2017 after all regulatory approvals were received.

	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Cash consideration paid to non-controlling shareholders	673,406	112,323
Value of Lafarge Africa Plc:		
Share Capital issued	47,521	7,924
Share Premium issued	4,743,652	879,613
	5,464,579	999,860
Carrying value of the additional interest in Ashaka	(52,405,774)	(1,330,490)
Difference recognised in other reserves arising on business combination and re-organisation	(46,941,195)	(330,630)

18.3 Reconciliation to carrying amount of Non- controlling interest

	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
At 1 January	191,401,276	58,803,285
Share of profit for the year***	407,998	302,786
Dividend paid	(41,863)	(58,920)
50% of UNICEM equity taken over	-	(5,677,022)
Conversion of debt to equity - cari cement	-	139,361,637
Quasi-equity loan taken over by Parent	(139,361,637)	-
2.51% of Ashaka equity taken over	-	(1,330,490)
Final take over of Ashaka equity	(52,405,774)	-
	-	191,401,276

The Non-controlling interest represent the interest of non- members of the Group in AshakaCem Plc and Caricement BV in NCH. There is no non-controlling interest at the end of the year (2016: 15.03%).

***Share of profit for the year relates to NCI share of profit of AshakaCem from January 2017 to November 2017. As at June 2017, the percentage holding of non-controlling interest was 15.03% which reduced to 12.46% as at November 2017 and was NIL at year end.

18.3.1 Quasi-Equity included as part of the Non Controlling Interest

Included in Other reserves in 2016 is the sum of NGN 139 billion in Nigerian Cement Holdings BV (NCH) which represents USD493 million loans originally due to Holderfin B.V. but later assigned to Caricement B.V. These loans were converted to an equity instrument on July 1, 2016 with amendments to the existing loan agreements. Interest at an average rate of 6% per annum on the loans was payable at the discretion of the Company. In line with the terms of the agreement, the amounts become due and payable upon liquidation of the borrower (NCH). Following the liquidation of NCH in the current year, the balance of equity instrument was reclassified as a loan due to Caricement B.V. and the equity investments in NCH absorbed into Other reserves.

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18.4 Investment in joint ventures

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Investment in Qala (Note 18.4.1)				
Opening balance	16,418	27,410	-	-
Share of loss	(28,027)	(12,526)	-	-
Exchange difference in OCI	11,609	1,534	-	-
	-	16,418	-	-
Investment in CBI Ghana (Note18.4.2)				
Opening balance	73,133	73,133	73,133	73,133
Share of loss	(112,236)	-	(112,236)	-
Exchange difference in OCI	39,103	-	39,103	-
	-	73,133	-	73,133
Total investment in joint venture				
Opening balance	89,551	100,543	73,133	73,133
Share of loss	(140,263)	(12,526)	(112,236)	-
Exchange difference in OCI	50,712	1,534	39,103	-
	-	89,551	-	73,133

18.4.1 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 2017 ₦'000	31 Dec 2016 ₦'000
Current assets (including cash and cash equivalent and prepayments)	153,135	46,132
Non current assets	400,156	93,783
Current liabilities, including tax payable	(68,222)	(107,079)
Non-current liabilities	(481,214)	-
Net assets (100%)	3,855	32,836
Group's carrying amount of the investment / share of net assets (50%)	1,928	16,418

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

	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Revenue	525,988	34,155
Cost of sales	(562,060)	(30,740)
Administrative expenses	(311)	(20,493)
Other operating income	12,616	-
Other operating expenses	(1,614)	-
Finance income	1,875	-
Finance costs	(2,637)	-
Loss before tax	(26,143)	(17,078)
Income tax expense	(57,718)	(7,974)
Loss for the year	(83,861)	(25,052)
Other comprehensive income, net of tax		
Exchange differences on translation	23,218	3,070
Other comprehensive income, net of tax	23,218	3,070
Total comprehensive income (100%)	(60,643)	(21,982)
Group's share of loss for the year (50%)	(41,931)	(12,526)
Group's share of other comprehensive income, net of tax for the year (50%)	11,609	1,534
Total comprehensive loss (50%)	(30,322)	(10,992)
Group's unrecognised share of loss for the year	(13,904)	-
Group's recognised share of loss for the year	(28,027)	(12,526)
	(41,931)	(12,526)

The Group did not recognise share of losses for the period that exceeds its carrying amount on the investment.

The cummulative unrecognised share of loss as at 31st December 2017 is ₦13.9 million.

18.4.2 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 2017 ₦'000	31 Dec 2016 ₦'000
Current assets (including cash and cash equivalent and prepayments)	1,427,375	-
Non current assets	7,826,325	-
Current liabilities, including tax payable	(5,357,556)	-
Non-current liabilities	(4,155,302)	-
Net assets (100%)	(259,158)	-
Group's carrying amount of the investment / share of net assets (35%)	(90,705)	-

Summarised statement of comprehensive income of Continental Blue Investment, Ghana:

	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Revenue	1,579,515	-
Cost of sales	(1,671,131)	-
Other operating income	5,147	-
Operating expenses	(407,219)	-
Loss before tax	(493,688)	-
Income tax expense	-	-
Loss for the year	(493,688)	-
Other comprehensive income, net of tax		
Exchange differences on translation	111,722	-
Other comprehensive income, net of tax	111,722	-
Total comprehensive income (100%)	(381,966)	-
Share of loss for the year (35%)	(172,791)	-
Share of other comprehensive income, net of tax for the year (35%)	39,103	-
Total comprehensive loss (35%)	(133,688)	-
Company's unrecognised share of loss	(60,555)	-
Company's recognised share of loss	(112,236)	-
	(172,791)	-

The Company did not recognise share of losses for the period that exceeds its carrying amount on the investment.
The cummulative unrecognised share of loss as at 31st December 2017 is ₦60.55 million.

		Group		Company	
19	Other financial assets	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
	Non-current:				
	Available for sale assets (Note 19.1)	11,471	5,928	-	-
	Other financial assets (Note 19.2)	1,571,151	417,993	1,556,738	92,143,118
		1,582,622	423,921	1,556,738	92,143,118
	Current:				
	Other financial assets (Note 19.3)	592,538	911,118	326,635	30,544,616
		2,175,160	1,335,039	1,883,373	122,687,734

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19.1 Available for sale assets	Group 31 Dec 2017 ₦'000	Group 31 Dec 2016 ₦'000
Unquoted entities		
Business Partners Limited	11,124	5,749
Pietersburg Mixed Concrete (Proprietary) Limited	267	138
Rand Park Golf Club	80	41
	11,471	5,928

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 31 Dec 2017 ₦'000	Group 31 Dec 2016 ₦'000	Company 31 Dec 2017 ₦'000	Company 31 Dec 2016 ₦'000
Shareholder loan receivable from UNICEM (Note 19.2.1)	-	-	-	14,765,549
Loan to CBI Ghana (Note 19.2.2)	1,370,832	410,544	1,370,832	410,544
Loan receivable from NCH (Note 19.2.3)	-	-	-	16,967,025
Loan to related party (Note 19.2.4)	-	-	-	60,000,000
Receivable from third parties	200,319	7,449	185,906	-
	1,571,151	417,993	1,556,738	92,143,118

19.2.1 Shareholder loan receivable from UNICEM

Loan receivables amounting to ₦14.77 billion (inclusive of accrued interest) in 2016 represent shareholder loans acquired from buy out of the share of Flour Mills of Nigeria Plc. (FMN) in UNICEM in 2015. The shareholder loans, originally a receivable from United Cement Company of Nigeria (UNICEM) to FMN was acquired by Lafarge Africa Plc from FMN. The shareholder loans were repayable by UNICEM to Lafarge Africa Plc at an annual interest rate of 15% (MPR 13% +2%) over a 120-month period which commenced in March 2015. Due to the Group and Company's reorganisation in 2017, shareholder loan between UNICEM and Lafarge Africa Plc have been eliminated.

19.2.2 Loan to CBI Ghana

Loan receivable represents loan from Nigerian Cement Holding (NCH) to CBI Ghana amounting to USD 2,460,000 on December 28, 2016 for the development and operation of a clincker grinding station and cement bagging plant in Tema, Ghana at 12 months LIBOR plus 11% per annum. The interest rate is at a rate of 12 months LIBOR +11% per annum. The first drawdown was on December 28, 2016 for USD1,410,000 which increased to USD2,460,000 on February 6, 2017. As at 31 December 2017, the non-current portion of the loan inclusive of interest has been revalued at NAFEX rate of USD360 to N866 million. The loan is for a tenure of eight years with a two-year moratorium period from the date of the agreement.

Also 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 ₦504 million. The interest is repaid monthly.

19.2.3 Loan receivable from NCH

Loan receivable represents a loan to Nigerian Cement Holdings (NCH) for the first tranche of the agreement to acquire additional 15% equity stake in UNICEM by NCH in the sum of USD 50 million in February, 2015. The principal initially valued at ₦9.82 billion at inception was revalued to ₦15.22 billion in 2016 based on the exchange rate at the end of the reporting period.

The loan was repayable at the rate of interest which is the aggregate of 6% margin and 1 year Libor for the tenth anniversary of the disbursement of the loan. Accrued interest receivable amounted to ₦1.74 billion in 2016. Due to the Group and Company's reorganisation in 2017, loan receivable from NCH has been eliminated.

19.2.4 Loan to related party

Loan to related party includes the proceeds of the ₦60 billion bond issuance given in full to UNICEM. The Bond was issued in two tranches of ₦26.38 billion at 14 .89% and ₦33.61 billion at interest rate of 15.13% in June 2016, maturing in 2019 and 2021 respectively. Due to the Group and Company's reorganisation in 2017, loan to related party has been eliminated.

	Group		Company	
19.3 Other financial assets - Current	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Loan to related company (Note 19.3.1)	-	-	-	30,422,266
Staff loans	15,334	17,102	15,334	12,739
Short term receivables	362,406	-	96,503	-
Loan to CBI Ghana (Note 19.3.2)	214,798	669,364	214,798	12,711
Loan to third parties (Note 19.3.3)	-	96,900	-	96,900
Loan receivables - LSAH (QALA) (Note 41.11)	-	127,752	-	-
	592,538	911,118	326,635	30,544,616

19.3.1 Loan to related company

Loan to related party is the proceeds of the unsecured intercompany loan obtained by Lafarge Africa from Holderfin in December 2016 for the sum of USD 88.4 million at the rate of ₦314/dollar totaling ₦27.76 billion given in full to UNICEM for the repayment of its foreign loans. The loan was given at an interest rate of 1 year Libor +7% margin and the loan was repayable over a period of 12 months. In April 2017, Lafarge Africa received USD220 million from Caricement at the rate of ₦375/dollar totaling ₦82.5 billion. The loan was given at an interest rate of 1 year Libor +5.71% margin and payable over a period of 12 months. This was given in full to UNICEM for the repayment of its foreign loans. Due to the Group and Company's re-organisation in 2017, loan to related party has been eliminated.

19.3.2 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 2017. The interest is repaid monthly.

19.3.3 Loan to third parties

This represents the amount receivable as at 31 December, 2016 from a third party company following the agreement entered to transport the Company's products to and from its premises to its customers and depots. As at year end, the remaining balance representing the value of the trucks yet to be repaid by the transporters has been reclassified to WIP as they are currently undergoing repairs following a termination of the agreement with the third party.

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:

	31 Dec 2017		31 Dec 2016	
	Assets ₦'000	Liabilities ₦'000	Assets ₦'000	Liabilities ₦'000
Caricement B.V	135,286	4,212,406	-	-
Holderfin B.V	504,805	-	3,580,378	-
	640,091	4,212,406	3,580,378	-

The Group/Company's derivative asset and liability represents the fair value change on Non-Delivarable Forward (NDF) contracts with the intention of hedging against exchange rate volatility of loans received from two related entities, Holderfin B.V and Caricement B.V. At the end of the year, the Group/Company had received a total of USD 96.19 million (2016: USD 88.4 million) from Holderfin B.V and USD 258.9 million (2016: Nil) from 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 NDF contracts have been determined using market-related input as follows:
* Exchange rate of ₦360.33/ USD (NAFEX year end rate)
* Average discount rate of 15.62% determined based on the NIBOR and LIBOR rates.

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;

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	Derivative Net Assets ₦'000	Derivative Net Liability ₦'000
Base derivative liability/asset	640,091	4,212,406
100 basis point increase in NIBOR Rates	(5,975)	16,321
100 basis point increase in USD LIBOR Rates	(25,634)	-
1000 basis point increase in Exchange Rates	4,845,472	7,688,423
100 basis point decrease in NIBOR Rates	(59,529)	(10,573)
100 basis point decrease in USD LIBOR Rates	(4,604)	-
1000 basis point decrease in Exchange Rates	(4,845,472)	(7,688,423)

21 Other assets

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Non current	20,803,113	9,790,605	14,984,747	-
Current	15,162,092	12,458,086	10,679,505	3,834,599
	35,965,205	22,248,691	25,664,252	3,834,599
Advance payment to suppliers (Note 41.13)	3,960,699	9,947,715	2,820,447	2,756,486
Prepaid medical (Note 21.1)	23,293	69,877	23,293	-
Deferred charges (Note 21.2)	16,188	40,733	16,188	-
Prepayment for Gas (Note 21.3)	9,833,096	4,159,640	9,833,096	-
Rental lease	709,244	-	-	-
Prepaid rent	581,164	719,503	510,291	625,747
Prepaid insurance	297,719	16,726	221,161	-
Prepaid expenses	1,087,127	1,686,825	536,960	452,366
Advance payment to transporters (Note 21.4)	8,538,932	-	8,538,932	-
Advance payment of taxes, dues and levies (Note 9.1)	1,052,287	-	1,052,287	-
Letters of credit (Note 41.13)	7,645,483	5,607,672	-	-
Long term prepayments	34,232	-	34,232	-
Deposit for imports	2,077,365	-	2,077,365	-
Other assets	108,376	-	-	-
	35,965,205	22,248,691	25,664,252	3,834,599

21.1 Prepaid medical

This amount relates to the prepaid medical expenses for 10 years for the use of Luciama Memorial Hospital. The prepaid medical expenses for the use of Luciama Memorial Hospital is amortised to the profit and loss account. Amortisation ceases in June 2018. This hospital is used by UNICEM employees in the Plant.

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
At 1 January	69,877	116,461	-	-
Arising from re-organisation	-	-	69,877	-
Charged through profit or loss	(46,584)	(46,584)	(46,584)	-
At 31 December	23,293	69,877	23,293	-

21.2 Deferred charges

This amount largely relates to tenement rates paid in advance to two UNICEM communities in the current year.

In the prior year, balance represents largely car grants paid in advance to the employees of UNICEM in accordance with the entity's car policy and apartment rentals spanning over one year. The car grant advance relates to a period of 4 years and will be amortised fully in 2018.

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Non current	16,188	-	16,188	-
Current	-	40,733	-	-
	16,188	40,733	16,188	-

21.3 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 2011 to 2031 and the company shall be entitled to utilise the amount prepaid anytime with the contract period with an extension of 2years after the expiration of the contract.

21.4 Advance payment to transporters

In current year, the Group and Company made an advance payment of ₦9.1billion 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 ₦8.5billion (2016: Nil).

22 Inventories

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Raw materials (Note 41.16)	12,702,259	7,156,524	10,653,843	4,242,131
Work in progress	10,860,537	1,749,043	435,337	166,238
Finished goods	12,357,522	13,092,735	11,787,460	4,915,443
Spare parts	19,115,915	18,341,597	14,146,953	11,066,682
Other supplies (Note 22.1)	3,230,233	4,640,626	2,034,238	2,434,746
	58,266,466	44,980,525	39,057,831	22,825,240

The cost of inventories recognised as an expense during the year and included in 'cost of sales' was ₦59.7 billion (2016: ₦30.87billion) and ₦35.9 billion (2016: ₦13.08 billion) for the Group and Company respectively.
Inventory write down recognised during the year was ₦1.62 billion (2016: ₦2.74 billion) and ₦1.12 billion (2016: ₦1.93 billion) for the Group and Company respectively.

Inventory write off recognised during the year was ₦293 million (2016: Nil) and ₦293 million (2016: Nil) for the Group and Company respectively.

22.1 Other supplies

Other supplies consist of safety equipments, packaging materials and production materials.

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23 Trade and other receivables

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Trade receivables:				
Third party sales	20,123,998	7,672,334	2,458,322	1,024,896
Related party sales (Note 39.4)	814,668	-	1,301,250	895,092
	20,938,666	7,672,334	3,759,572	1,919,988
Impairment on trade receivables (Note 23.2)	(954,963)	(95,548)	(127,621)	(71,860)
Net trade receivables	19,983,703	7,576,786	3,631,951	1,848,128
Other receivables	3,479,803	1,338,717	1,411,158	393,906
Due from related parties (Note 39.5)	1,646,610	874,251	10,887,861	16,192,680
	5,126,413	2,212,968	12,299,019	16,586,586
Impairment on other receivables (Note 23.3)	-	(23,804)	-	-
Net other receivables	5,126,413	2,189,164	12,299,019	16,586,586
Total trade and other receivables	25,110,116	9,765,950	15,930,970	18,434,714

The Group and Company's exposure to credit and foreign exchange risks related to trade and other receivables are disclosed in Note 4.

Analysis of other receivables

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Other current receivables (Note 23.1)	2,671,078	864,872	657,542	393,906
Insurance claim receivable	623,259	-	623,259	-
Staff advances	185,466	473,845	130,357	-
	3,479,803	1,338,717	1,411,158	393,906

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.

23.1 Other current receivables

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
WHT receivable	410,619	-	402,687	-
VAT receivable	1,178,297	-	-	-
Receivable from Registrar	514,713	-	254,855	-
Short term receivables	567,449	864,872	-	393,906
	2,671,078	864,872	657,542	393,906

23.2 Movement in impairment allowance on trade receivables

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
At 1 January	95,548	161,616	71,860	-
Impairment losses recognised	862,779	92,509	75,741	71,860
Impairment losses written back**	(43,784)	(158,577)	(43,784)	-
Reclassification from other receivables	5,078	-	23,804	-
Exchange difference	35,342	-	-	-
At 31 December	954,963	95,548	127,621	71,860

**Impairment losses written back relate to recoveries made during the year.

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23.3 Movement in impairment on other receivables

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
At 1 January	23,804	208,912	-	-
Reclassification to trade receivables***	(23,804)	-	-	-
Write back during the year	-	(185,108)	-	-
	-	23,804	-	-

*** Impairment on trade receivables was classified in impairment on other receivables in the prior year. This has been reclassified in the current reporting period to impairment on trade receivables.

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
24 Cash and cash equivalents				
Restricted cash (Note 24.1)	20,481,593	175,890	20,481,593	-
Cash in hand and at bank (Note 24.2)	29,933,164	19,265,076	21,217,261	7,653,851
Cash and cash equivalents in the statement of financial position	50,414,757	19,440,966	41,698,854	7,653,851

24.1 Restricted cash

As at year end, cash and cash equivalents comprised of restricted cash which represents unclaimed dividend amounting to ₦1.07 billion (2016: Nil). Also included in Cash and cash equivalents is ₦19.4 billion representing proceeds from right issue of shares to minority shareholders who took up 456,830,344 rights in the recently concluded Rights issue offer.

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 equivalent in the statement of cash flows

For the purpose of cash flow statement, cash and cash equivalents comprises:

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Cash in hand and at bank	29,933,164	19,265,076	21,217,261	7,653,851
Less: bank overdrafts (Note 4.1.2a)	(31,081,780)	(22,995,462)	(15,037,780)	(15,436,877)
Cash and cash equivalents in the statement of cash flows	(1,148,616)	(3,730,386)	6,179,481	(7,783,026)

25. Share capital and Share premium

25.1 Share capital

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Authorised:				
10,000,000,000 ordinary shares of 50k each	5,000,000	5,000,000	5,000,000	5,000,000

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Issued and fully paid
Ordinary shares of 50k each

	No of shares '000	Share capital ₦'000
At 1 January 2017	5,480,734	2,740,367
Issued during the year	95,042	47,521
At 31 December 2017	5,575,776	2,787,888
At 1 January 2016	4,554,902	2,277,451
Issued during the year	925,832	214,513
Bonus Issue	-	248,403
At 31 December 2016	5,480,734	2,740,367

In July 2017, 9,779,853 ordinary shares of Lafarge Africa Plc were issued to the minority shareholders of AshakaCem who relinquished 34,656,819 shares in the ratio of 57 Lafarge Africa shares for every 202 shares of Ashakacem representing 2.57% additional interest acquired. Additionally, ₦2 per share was paid to every shareholder who relinquished their shares totaling ₦69,313,638.

In November 2017, by way of a Scheme of Arrangement, Lafarge Africa acquired the remaining minority shares of AshakaCem shareholders under the same terms as the Mandatory Tender Offer (MTO) and Voluntary Tender Offer (VTO) in which 85,261,220 ordinary shares of Lafarge Africa Plc were issued to the minority shareholders of AshakaCem who held the remainder of 12.46% of the issued share capital i.e. 302,045,793 shares. In addition, cash consideration of ₦2 per share was paid to every AshakaCem minority shareholder totaling ₦604,091,586.

In 2016, a total of 496,807,771 ordinary shares of 50k each were issued as bonus share in the ratio of 1 for 10 ratio as declared at the Annual General meeting held in June, 2016. In June 2016, Lafarge Africa acquired the remaining 50% equity share in Egyptian Cement Holdings (ECH) in a share for share exchange in which Lafarge Africa issued its 413,175,709 shares at ₦75/share for 91 shares held by Holcibel shares in ECH thus resulting in 100% ownership of ECH and consequently, full ownership of Nigerian Cement Holdings (NCH) and UNICEM. In August 2016, a total of 15,848,874 units of the ordinary shares of Lafarge Africa Plc were issued to the shareholders of AshakaCem who tendered their 56,161,616 shares in a Voluntary Tender Offer under the same terms and conditions as the Mandatory Voluntary Offer in 2015. The ordinary shares of 50k each were issued at ₦56 per share.

25.2 Share premium

	No of shares '000	Share capital ₦'000
At 1 January 2017	5,480,734	217,528,456
Issued during the year	95,042	4,743,652
At 31 December 2017	5,575,776	222,272,108
At 1 January 2016	4,554,902	186,419,988
Issued during the year	925,832	31,661,202
Transactional share issue costs	-	(304,331)
Bonus issue	-	(248,403)
At 31 December 2016	5,480,734	217,528,456

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 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Loss/(profit) attributable to equity holders of the Company	(35,009,407)	16,595,995	(13,223,626)	20,778,348
Weighted average number of ordinary shares in issue (Basic)	5,499,834	5,269,745	5,499,834	5,269,745
Weighted average number of ordinary shares in issue (diluted)	5,547,762	5,292,680	5,547,762	5,292,680
Basic earnings per share (Kobo)	(637)	315	(240)	394
Diluted earnings per share (Kobo)	(631)	315	(238)	394

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 the current year, 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.

During the 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.

When the recently concluded Rights Issue was opened, both Associated International Cement UK and Lafarge Associated Nigeria Ltd 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 N19.42billion.

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'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	-

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.

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30 Loans and borrowings

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Non-current	68,715,378	68,221,773	64,900,757	64,014,218
Current	187,831,582	36,487,846	190,724,579	42,366,463
Total loans and borrowings	256,546,960	104,709,619	255,625,336	106,380,681
Split into:				
Power fund (Note 30.1)	7,698,505	6,332,944	7,698,505	6,332,944
Bond (Note 30.2)	59,842,611	59,065,718	59,842,611	59,065,718
Loan from Caricement B.V. (Note 30.3)	-	197,925	-	197,925
Due to FBN (Note 30.4)	44,275,864	4,364,958	44,275,864	4,364,958
Related party loan (Note 30.5 , Note 39.6)	144,391,559	27,531,899	143,808,356	33,919,136
Preference share loans (Note 30.6)	-	1,751,574	-	-
Lafarge Gypsum S.A Pty Ltd (Note 30.7)	338,421	174,920	-	-
Bank loans (Note 30.8)	-	5,289,681	-	2,500,000
Total loans and borrowings	256,546,960	104,709,619	255,625,336	106,380,681

30.1 **Power Fund:** Lafarge Africa Plc accessed NGN12.46billion 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 15. Principal repayment commenced in October 2012. The facility has a 10-year tenure with a fixed interest rate of 7% and an effective interest rate of 8.7%. The outstanding balance disclosed is the amortised cost to date.

30.2 **Bond:** By a resolution dated 17th March 2016, the Board of Directors resolved to raise the sum of ₦60 billion in two tranches of ₦26.38 billion and ₦33.61 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 tenor.

30.3 **Loan from Caricement B.V.:** This represents short term funds in the sum of USD650,000 received in December 2016, at an interest rate of 1 year USD Libor +4.63%.This has been revalued at year end. Interest is paid at maturity of the loan.

30.4 **Due to FBN:** In 2017, these are commercial papers for 90 days with varying maturity dates ending September 2018 at interest rate of 16.53%-17.01%.

In 2016, these were promissionary notes due to First Bank of Nigeria Ltd for 90 days with varying maturity dates ending March 2017 at interest rate of 18% per annum.

30.5 **Related party loan:** In 2017, the intercompany loan of USD88.4 million received from Holderfin on the 28th December 2016, at an interest rate of US 1 year Libor +7% and converted at ₦314/dollar was rolled over together with its accumulated interest of USD7.79 million which amounted to USD96.19 million in December 2017. The interest rate has also been updated to US 1 year Libor +5.71% which is due on March 05, 2018. The Non Deliverable Future (NDF) on the loan which was hedged with FMDQ in 2016 at ₦274.5/dollar was settled in December 2017 at a gain and has been recognised in the financial statements. The intercompany loan which was received from Caricement in April 2017 at an interest rate of US 1 year Libor + 5.71% and converted at ₦375/dollar was hedged with FMDQ and would be settled at ₦387.33/dollar in 2018.

In 2016, this largely represents inflow of USD88.4 million at ₦314/dollar amounting to ₦27.76 billion obtained from Holderfin B.V. on December 28, 2016 at an interest rate of Libor +7% per annum for one year. This has subsequently been translated at the Central Bank of Nigeria rate. The total amount received was used to repay the syndicated loans in UNICEM. Balance outstanding as at year end at Group level largely represents outstanding loans in Nigerian Cement Holdings (Pty) Limited in 2016.

30.6 **Preference share loans:** Additional information about the preference share loans from Lafarge South Africa is provided below. The preference shares have been fully settled as at year end.

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Secured loans	Maturity date on demand	Nominal Interest rate %	Group 31 Dec 2017 ₦'000	Group 31 Dec 2016 ₦'000
Nedbank "A" Preference shares (Secured)	2016 and redeemable on a 6 monthly basis from dividend income	At 65% of prime lending rate	-	1,499,455
Nedbank "C" Preference shares (Secured)	2017 and redeemable in December	At 65% of prime lending rate	-	252,119
ABSA Preference share (Secured)	2017 and redeemable on a 6 monthly instalment of various amounts	At 65% of prime lending rate	-	-
			-	1,751,574

30.7 **Lafarge Gypsum S.A Pty Ltd:** This refers to amount due to Lafarge Gypsum which is now directly owned by Financiere Lafarge (FLAF) in Paris.

30.8 Bank loans

	Nominal Interest rate	Secured/ Unsecured	Group 31 Dec 2017 ₦'000	Group 31 Dec 2016 ₦'000
GTB / Bank of industry (Naira)	4.00%	Secured	-	2,253,682
Current portion of GTB / BOI loan (Naira)	4.00%	Secured	-	527,800
Accrued interest on BOI loan (Naira)	4.00%	Secured	-	8,199
Standard Chartered Bank (Naira)	18.00%	Secured	-	2,500,000
Total loans			-	5,289,681

	Nominal Interest rate	Secured/ Unsecured	Company 31 Dec 2017 ₦'000	Company 31 Dec 2016 ₦'000
Standard chartered bank (Naira)	18.00%	Secured	-	2,500,000
Total loans			-	2,500,000

30.9 Movement in loans and borrowings

	Group 31 Dec 2017 ₦'000	Group 31 Dec 2016 ₦'000	Company 31 Dec 2017 ₦'000	Company 31 Dec 2016 ₦'000
At 1 January	104,709,619	144,953,621	106,380,681	10,557,436
Transfer through business re-organisation			2,781,482	
Additions:				
Loan received	195,099,306	94,436,205	187,310,535	100,047,737
	299,808,925	239,389,826	296,472,698	110,605,173
Interest expensed (Note 12 (b))	22,067,619	14,192,725	24,782,932	6,115,513
Interest paid	(16,746,868)	(13,007,491)	(14,919,980)	(4,956,482)
Principal repaid	(138,981,397)	(82,631,247)	(138,646,769)	(6,043,475)
Conversion of Quasi-equity	199,453,879	-	199,453,879	-
Reclassification (Note 41.20, 41.11c)	(1,698,932)	174,920	(1,250,365)	-
Converted for Right Issue (Note 27)	(112,234,964)	-	(112,234,964)	-
Exchange (gain) / loss	4,878,698	(53,409,114)	1,967,905	659,952
At 31 December	256,546,960	104,709,619	255,625,336	106,380,681
Less than one year	147,391,414	36,291,346	146,808,210	42,169,963
Between one and two years	103,308,150	2,491,247	103,308,151	1,384,444
Between two to five years	5,847,396	6,490,640	5,508,975	4,153,332
After five years	-	59,436,386	-	58,672,942
	256,546,960	104,709,619	255,625,336	106,380,681

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31. Provisions

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Non current (Note 31.1)	3,472,388	2,200,640	909,320	563,468
Current (Note 31.2)	1,166,217	1,176,910	895,268	841,526
	4,638,605	3,377,550	1,804,588	1,404,994

31.1 Non current

	Group		Company	
Site restoration cost	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
At 1 January	2,200,640	2,576,567	563,468	792,578
Transfer through business re-organisation	-	-	104,053	-
Provision made during the year	297,192	175,689	311,000	151,760
Utilised	(14,470)	-	-	-
Change in estimate	(390,479)	(775,925)	(187,613)	(443,032)
Reclassification (Note 41.23)	(40,753)	-	-	-
Unwinding of discount (Note 12 (b))	182,154	123,728	118,412	62,162
Exchange difference	1,238,104	100,581	-	-
At 31 December	3,472,388	2,200,640	909,320	563,468

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 8.0% and 8.1% respectively (2016: 8.0% and 12%) while for South African entities the long term inflation and discount rates used was 2.0% and 6.6% respectively.

31.2 Current

Group	Employee profit share scheme ₦'000	Productivity bonus ₦'000	Total ₦'000
At January 2016	884,986	979,211	1,864,197
Expense for the period	491,062	1,227,899	1,718,961
Reversal of provision no longer required	(144,857)	(119,857)	(264,714)
Payment	(1,231,191)	(937,511)	(2,168,702)
Exchange differences	-	27,168	27,168
At 31 December 2016	-	1,176,910	1,176,910
Reclassification	-	(34,544)	(34,544)
Provision made during the year	-	2,384,904	2,384,904
Payment in the year	-	(2,361,053)	(2,361,053)
Exchange differences	-	-	-
At 31 December 2017	-	1,166,217	1,166,217

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Company	Employee profit share scheme ₦'000	Productivity bonus ₦'000	Total ₦'000
At January 2016	884,986	618,304	1,503,290
Expense for the period	491,062	878,543	1,369,605
Reversal of provision no longer required	(144,857)	(119,857)	(264,714)
Payment	(1,231,191)	(535,464)	(1,766,655)
At 31 December 2016	-	841,526	841,526
Transfer through business re-organisation	-	124,479	124,479
Provision made during the year		1,989,016	1,989,016
Payment in the year	-	(2,059,753)	(2,059,753)
At 31 December 2017	-	895,268	895,268

Employee profit share scheme is based on 2.5% of profit after tax. The scheme was discontinued in December, 2015. Expenses in 2016 relates to additional provisions made based on 2015 year end profit. Final payment was made in 2016.

The provision for productivity bonus is based on employee performance during the year. It is payable in the year 2018.

32. Deferred revenue

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Non-current	1,518,467	1,554,673	1,518,467	722,496
Current	110,732	234,718	110,732	30,104
	1,629,199	1,789,391	1,629,199	752,600

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Opening balance	1,789,391	2,368,466	752,600	782,704
Transfer through business re-organisation	-	-	1,036,791	-
Grant released to profit or loss (Note 10.2)	(160,192)	(579,075)	(160,192)	(30,104)
Closing balance	1,629,199	1,789,391	1,629,199	752,600

The deferred revenue is as a result of the benefit received from a below-market-interest rate government loan (CBN/BOI Power and Aviation Intervention Fund loan) granted in July 2011. The revenue is 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) 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 facilitate and contribute to the provision of retirement benefits for all permanent employees in accordance with the South African Pension Funds Act, 1956. The balance represents statutory deductions yet to be remitted to statutory authorities.

The pension costs of these plans, corresponding to the contribution paid, are expensed as incurred.

Defined benefits plan

At 31 December 2015, the Group discontinued the gratuity scheme for all qualifying staff apart from 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.

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 2017 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 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Non current	₦'000	₦'000	₦'000	₦'000
Employee long service award scheme (Note 33.1)	1,350,849	1,157,953	1,008,443	741,775
Staff gratuities (Note 33.2)	3,566,082	2,622,209	608,290	838,532
	4,916,931	3,780,162	1,616,733	1,580,307

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 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	₦'000	₦'000	₦'000	₦'000
Opening balance	1,157,953	417,772	741,775	417,772
Transfer through business re-organisation	-	-	143,183	-
Service cost	148,514	454,401	120,174	55,724
Interest cost (Note 12(b))	167,137	61,077	127,147	48,927
Total amount recognised in profit or loss	315,651	515,478	247,321	104,651
Remeasurements:				
Plan amendment	-	276,642	-	243,538
Loss from change in assumptions	64,265	31,523	45,635	7,198
Experience adjustment gains	(70,138)	(58,360)	(52,589)	(7,081)
Total amount recognised in profit or loss	(5,873)	249,805	(6,954)	243,655
Benefits paid	(116,882)	(25,102)	(116,882)	(24,303)
Closing balance	1,350,849	1,157,953	1,008,443	741,775

Key assumptions

The key actuarial assumptions used for the purpose of the actuarial valuation are as follows:

Below are key assumptions for Nigerian entities:

	31 Dec 2017	31 Dec 2016
Financial assumptions		
Discount rate- per annum (p.a)	14.0%	15.0%
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) Limited

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A quantitative sensitivity analysis for significant assumptions as at 31 December is as shown below:

Sensitivity analysis for the Company	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Base	1,008,443	741,775
Discount rate		
0.5% increase	971,975	716,438
0.5% decrease	1,047,194	768,626
Salary increase rate		
0.5% increase	1,046,842	769,052
0.5% decrease	972,048	715,864
Benefit escalation rate		
0.5% increase	1,009,758	743,259
0.5% decrease	1,007,160	740,354
Mortality experience		
Age rated up by 1 year	1,004,194	738,750
Age rated down by 1 year	1,012,275	744,503

Sensitivity analysis for the Group	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Base	1,350,849	1,157,953
Discount rate		
0.5% increase	1,234,820	1,119,182
0.5% decrease	1,399,692	1,199,025
Salary increase rate		
0.5% increase	1,398,655	1,199,030
0.5% decrease	1,305,482	1,118,928
Benefit escalation rate		
0.5% increase	1,352,917	1,160,976
0.5% decrease	1,348,829	1,155,057
Mortality experience		
Age rated up by 1 year	1,345,262	1,153,275
Age rated down by 1 year	1,355,892	1,162,175

The weighted average liability duration for the Plan is 8.68 years. The average weighted duration of the longest Nigerian Government bond as at 28th December 2017 was 6.42 years with a gross redemption yield of 13.73%.

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 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Opening balance	2,622,209	7,124,573	838,532	4,576,862
Transfer through business re-organisation	-	-	223,330	-
Service cost	38,642	25,236	-	-
Interest cost (Note 12(b))	372,786	255,677	108,529	99,313
Plan amendment	110,647	(1,192,697)	-	(972,623)
Curtailment (gains) / losses	(102,496)	87,471	-	64,910
Total amount recognised in profit or loss	419,579	(824,313)	108,529	(808,400)
Remeasurement:				
Gain/(loss) from change in assumptions	23,334	(249,727)	23,334	(94,740)
Experience adjustment loss/(gain)	(343,091)	27,919	(205,783)	27,919
Total amount recognised in other comprehensive income	(319,757)	(221,808)	(182,449)	(66,821)
Benefits paid (Note 35.1.6)	(505,682)	(3,568,673)	(333,832)	(2,863,109)
Benefits payable**	(45,820)	-	(45,820)	-
Exchange difference	1,395,553	112,430	-	-
Closing balance	3,566,082	2,622,209	608,290	838,532

** 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 has been reclassified to other payables as at year end.

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The significant actuarial assumptions were as follows:

Below are key assumptions for Nigerian entities:

Financial assumptions	31 Dec 2017	31 Dec 2016
Average rate of inflation (p.a)	12%	12%
Discount rate	14%	15%
Average pay increase	-	-
Normal retirement age	60 years	60 years

Below are key assumptions for Lafarge South Africa PTY:

Financial assumptions	31 Dec 2017	31 Dec 2016
Discount rate- per annum (p.a)	9.1%	8.8%
Inflation rate	5.8%	6.3%
Salary inflation (p.a)	7.3%	7.8%
Net discount rate	1.8%	1.0%
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	4%
31 - 39	3%
40 - 44	1%
45 - 54	1%
55 - 59	-

iii) A quantitative sensitivity analysis for significant assumptions as at 31 December is as shown below:

Sensitivity analysis for the Company	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Base	590,001	838,532
Discount rate:		
0.5% increase	578,119	824,614
0.5% decrease	602,337	852,942
Mortality experience:		
Age rated up by 1 year	588,970	837,233
Age rated down by 1 year	590,921	839,695

The weighted average liability duration for the Plan is 4.63 years. The average weighted duration of the closest Nigerian Government bond as at 28th December 2017 was 3.90 years with a gross redemption yield of 13.93%.

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Expected contribution to post-employment benefit plans for the year ending 31 December 2018 is N86 million.

Sensitivity analysis for the Group	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Base	689,233	838,532
Discount rate:		
0.5% increase	674,463	824,614
0.5% decrease	704,591	852,942
Mortality experience:		
Age rated up by 1 year	588,970	837,233
Age rated down by 1 year	590,921	839,695

The weighted average liability duration for the Plan is 4.63 years. The average weighted duration of the closest Nigerian Government bond as at 28th December 2017 was 3.90 years with a gross redemption yield of 13.93%.

The discount rate for the South African entities is set with reference to yields obtained from the zero coupon yield curve published by the Johannesburg Stock exchange (JSE) at 31 October 2017 at points which would best match the liability duration of 8 years. The duration of the arrangement is around 7 years.

Expected contribution to post-employment benefit plans for the year ending 31 December 2018 is N86 million.

34 Trade and other payables

	Group		Company	
Trade payables	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Trade payables	40,149,875	50,660,651	19,777,538	14,225,759
Related party-technical service fee (Note 34.1, 39.4)	27,981,758	9,885,443	18,273,023	5,871,729
	68,131,633	60,546,094	38,050,561	20,097,488
Other payables:				
Customers' deposits	3,804,619	12,862,579	2,750,491	6,041,157
Related companies (Note 39.5)	10,264,271	12,300,754	7,226,888	1,827,377
Withholding tax payable	1,185,171	2,337,552	1,071,661	946,439
Value added tax payable	1,592,063	1,656,297	1,574,929	1,184,889
Accrued interest	451,799	1,185,234	-	1,159,031
Employee provisions and other liabilities	143,149	517,903	108,619	268,372
Rent received in advance	1,729	1,887	1,729	1,887
Professional fees	94,870	386,625	85,870	106,962
Accruals (Note 34.2)	20,499,103	7,455,509	13,075,698	8,264,138
Tripartite guarantee (Note 34.3)	-	196,500	-	196,500
Share based payment (Note 34.4)	-	74,310	-	-
Other payables	3,679,146	1,476,403	2,830,981	-
Dividend payable (Note 34.5)	3,152,627	13,459,412	3,152,627	13,459,412
	44,868,547	53,910,965	31,879,493	33,456,164
	113,000,180	114,457,059	69,930,054	53,553,652

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% (WAPCO) and 3%(UNICEM) of net sales and 2% of profit before tax if greater than zero for technical knowhow, business support and licencing arrangement.

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34.2

Accruals	Group 31 Dec 2017 ₦'000	Group 31 Dec 2016 ₦'000	Company 31 Dec 2017 ₦'000	Company 31 Dec 2016 ₦'000
Audit provisions	132,538	68,831	66,000	-
Litigation	206,820	33,003	80,043	8,003
Unbilled technical fee/ rebate	3,033,089	897,395	2,862,354	2,566,008
Freight/ logistics	1,235,467	904,206	1,091,895	814,808
Rent/ depot	83,291	68,565	71,322	(15,432)
Capital expenses	2,749,414	399,808	2,315,329	9,137
Quarry/landed cost	589,286	895,302	403,033	720,166
Plant accruals	411,846	970,146	147,793	7,227
Power	741,750	386,929	204,882	187,346
Tax	1,129,346	-	1,129,347	-
Employee related accrual	157,081	-	157,082	-
Others***	10,029,175	2,831,324	4,546,618	3,966,875
	20,499,103	7,455,509	13,075,698	8,264,138

*** Others relates to fuel and other accruals.

34.3 Tripartite agreement

In November 2016, a tripartite agreement was reached between Richbon Nigeria Limited, Tetralog Nigeria Limited and Lafarge Africa Plc (LAP) in which LAP paid a total sum of ₦367,500,000 for the sale of 40 flatbed trailers by Richbon Nigeria Limited to Tetralog Nigeria Limited within five monthly equal instalments. LAP recovered the cost of purchase from Tetralog Nigeria Limited in six months from November 2016 to April 2017 at no interest rate. The flat bed trailers are being used by Tetralog to transport UNICEM's products to its customers.

34.4 Cash settled share based payments

The employee share option scheme is a bonus scheme whereby bonuses are computed based on performance criteria of respective companies under Lafarge South Africa Holdings (Pty) Limited. Vesting of the share options is dependent on the Group's total shareholder return (TSR) as compared to a group of principal competitors. Employees must remain in service for a period of four years from the date of grant.

The fair value of share options granted is estimated at the date of grant using a Black & Scholes model, taking into account the terms and conditions on which the share options were granted. The model calculates the TSR; It takes into account historical and expected dividends, and the share price volatility of the Group relative to that of its competitors so as to predict the share performance.

The exercise price of the share options is equal to the market price of the underlying shares on the date of grant. The contractual term of the share options is four years and there are no cash settlement alternatives for the employees. The Group does not have a past practice of cash settlement for these awards. The employee share incentive scheme was valued by a professional valuer in terms of IFRS 2: Share-based Payment, which requires that the cost of this scheme to the Group is amortised over the life of the scheme to its vesting date. The grant date was 1 March 2012 and the value below represents the amortisation accrued to the year-end. In 2017, this scheme has been discontinued. The key assumptions used in prior were as follows:

	2016
Share volatility	27%
Dividend growth	4%
Forfeiture rate	5% to 11% depending on trusts

34.5 Dividend payable

	Group 31 Dec 2017 ₦'000	Group 31 Dec 2016 ₦'000	Company 31 Dec 2017 ₦'000	Company 31 Dec 2016 ₦'000
At 1 January	13,459,412	-	13,459,412	-
Dividends declared	5,754,771	14,904,233	5,754,771	14,904,233
Payment to the equity holders of the parent	(16,280,825)	(1,444,821)	(16,280,825)	(1,444,821)
Dividend to be refunded by registrars	219,269	-	219,269	-
At 31 December	3,152,627	13,459,412	3,152,627	13,459,412

The balance on dividend payable is due to Lafarge Associated Nigeria Limited for the years 2015 and 2016.

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34.6 Dividend paid

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

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Lafarge Africa Plc	16,280,825	1,444,821	16,280,825	1,444,821
Paid to Non Controlling Interest	41,863	58,920	-	-
Total	16,322,688	1,503,741	16,280,825	1,444,821

34.7 Proposed dividend

At the Board of Directors' meeting held on 23rd March 2018 the Directors proposed that a dividend of 150 kobo (2016: 105 kobo) per ordinary share would be paid to the shareholders of Lafarge Africa Plc.

The dividend is subject to approval by the shareholders at the Annual General meeting on 18th May 2018. If approved by shareholders at the Annual General meeting, it will be paid to shareholders whose names appear in the register of members at the close of business on Wednesday, 2nd May 2018. Consequently, it has not been included as a liability in this consolidated financial statements.

35 Additional cash flow information

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
35.1 Working capital adjustments:				
Increase in inventories	(13,285,941)	(11,953,209)	(6,768,259)	(7,082,338)
Increase in trade and other receivables	(16,140,245)	11,292,674	2,682,223	(9,800,881)
Increase in other assets	(13,716,514)	(16,004,143)	(16,986,660)	(3,025,542)
(Increase)/decrease in other financial assets	318,580	(5,932,695)	242,384	(33,291,057)
(Decrease)/increase in trade and other payables	307,363	26,182,548	(24,488,138)	551,175
	(42,516,757)	3,585,175	(45,318,450)	(52,648,643)

35.1.1 Reconciliation of changes in inventories included in statement of cashflows:

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Movement in inventories	(13,285,941)	(11,503,516)	(16,232,591)	(6,821,926)
Arising from re-organisation	-	-	9,464,332	-
Reclassification of accrued landed cost (Note 41.16)	-	(449,693)	-	(260,412)
Movement as per cash flow	(13,285,941)	(11,953,209)	(6,768,259)	(7,082,338)

35.1.2 Reconciliation of changes in trade and other receivables included in statement of cashflows:

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Movement in trade and other receivables	(15,344,166)	(4,210,986)	2,503,744	(12,745,919)
Arising from re-organisation	-	-	187,546	-
Reclassification of advances and letters of credit(Note 41.13)	-	15,555,387	-	2,756,486
Reclassification of Impairment provision on trade receivables (Note 23.2)	(862,779)	(92,509)	(75,741)	(71,860)
Reclassification of accrued landed cost to inventory (Note 41.16)	-	260,412	-	260,412
WHT utilised	8,243	-	8,243	-
Reclassication of long term receivable (Note 41.17)	-	(7,449)	-	-
Reclassication of accrued interest receivable (Note 41.17)	-	(212,181)	-	-
Interest receivable	58,457	-	58,431	-
Movement as per cash flow	(16,140,245)	11,292,674	2,682,223	(9,800,881)

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35.1.3 Reconciliation of changes in other assets included in statement of cashflows:

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Movement in other assets	(13,716,514)	(448,756)	(21,829,653)	(269,056)
Arising from re-organisation	-	-	4,842,993	-
Reclassification of advances and letters of credit(Note 41.13)	-	(15,555,387)	-	(2,756,486)
Movement as per cash flow	(13,716,514)	(16,004,143)	(16,986,660)	(3,025,542)

35.1.4 Reconciliation of changes in other financial assets included in statement of cashflows:

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Movement in other financial assets	318,580	(6,144,876)	30,217,981	(33,291,057)
Arising from re-organisation	-	-	(29,975,597)	-
Reclassication of accrued interest receivable (Note 41.17)	-	212,181	-	-
Movement as per cash flow	318,580	(5,932,695)	242,384	(33,291,057)

35.1.5 Reconciliation of changes in trade and other payables included in statement of cash flows:

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Movement in trade and other payables	(1,456,879)	25,796,767	16,376,402	5,402,116
Arising from re-organisation	-	-	(45,974,887)	-
Reclassification of dividend payable	10,306,785		10,306,785	(4,850,941)
Reclassification of tripartite guarantee from borrowings	-	196,500	-	-
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 15)	(5,072,849)	-	(2,175,311)	-
Reclassification of benefit payable (Note 33.2)	(45,820)	-	(45,820)	-
Transaction costs accrued	(658,638)	-	(658,638)	-
Reclassification of accrual landed cost to inventory (Note 41.16)	-	189,281	-	-
Movement as per cash flow	307,363	26,182,548	(24,488,138)	551,175

35.1.6 Provisions and net movement on employee benefit

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Retirement benefit obligations - service cost	38,642	25,236	-	(907,713)
Retirement benefit obligations - Plan amendment/curtailment	8,151			
Employee Long Service Award - service cost	148,514	731,043	120,174	299,262
Employee profit share scheme payment	-	(1,231,191)	-	(1,231,191)
Productivity bonus payment	(2,361,053)	(937,511)	(2,059,753)	(535,464)
Staff gratuity benefits paid	(505,682)	(3,568,673)	(333,832)	(2,863,109)
Employee Long service award benefits paid	(116,882)	(25,102)	(116,882)	(24,303)
Remeasurement (gains) / losses – Long service awards	(5,873)	(26,837)	(6,954)	117
Provision for productivity bonus for the year	2,384,904	1,108,042	1,989,016	758,686
Employee Profit Share Scheme	-	346,205	-	346,205
	(409,279)	(3,578,788)	(408,231)	(4,157,510)

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35.2 In the statement of cash flows, profit on sale of property, plant and equipment (PPE) comprise:

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Proceeds on disposal	3,129,895	373,325	2,983,969	2,460
Net book value of property, plant and equipment disposed	(756,058)	(372,280)	(662,570)	(1,415)
Profit on sale of property, plant and equipment	2,373,837	1,045	2,321,399	1,045

35.3 Other non cash items

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Write offs for Property, plant and equipment	556,815	1,025,192	556,815	1,025,192
Write off costs	-	515,411	-	515,411
Gain on sale of property plant and equipment	(2,373,837)	(1,045)	(2,321,399)	(1,045)
Gain on sale of intangible assets	-	2,147	-	-
Impairment provision on trade receivables	862,779	92,509	75,741	71,860
Movement in site restoration cost	(148,510)	(352,511)	123,387	(291,272)
Government grants	(160,192)	(579,075)	(160,192)	(30,104)
	(1,262,945)	702,628	(1,725,648)	1,290,042

35.4 Net movement in other financial assets

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Movement in other financial assets	(1,158,701)	9,975,000	90,586,380	(73,592,603)
Reclassication of long term receivable (Note 41.17e.)	-	7,449	-	-
Effect of re-organisation	-	-	(91,732,574)	-
	(1,158,701)	9,982,449	(1,146,194)	(73,592,603)

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 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Capital expenditure commitments				
Approved and contracted for **	235,680	179,439	-	-

** This relates to car leases approved and contracted for.

Operating expenditure commitments				
Commitments for the supply of gas (Note 36.1)	117,356,000	506,457,311	117,356,000	506,457,311
Commitments for the supply of power (Note 36.2)	10,081,480	8,918,387	10,081,480	8,918,387
Commitments for advance payment of taxes (Note 36.3)	5,600,000	-	5,600,000	-
Other commitments: Non-cancellable operating lease commitment	3,620,783	763,781	-	-
	136,658,263	516,139,479	133,037,480	515,375,698

36.1 This represents the total commitments with respect to termination payment clause on gas contracts. This amount is made up of ₦49.67 billion relating to gas supply contract with a vendor for the supply of gas to Mfamosing Plant, ₦66.24 billion relating to another gas supply contract with a vendor for the supply of gas to Ewekoro and Shagamu Plants and ₦1.45 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 2 years.

37 Contingent liabilities

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Lafarge Africa Plc				
Various litigations and claims (Note 37.1)	1,017,483,867	197,879	1,016,788,090	197,879
Letters of credit (Note 37.2)	10,741,833	-	10,741,833	-
Lafarge South Africa Holdings Limited				
Suretyship to Standard Bank on overdraft	267,400	148,100	-	-
Utilities guarantees (Note 37.3)	732,489	467,063	-	-
Rehabilitation guarantees (Note 37.4)	891,271	427,728	-	-
	1,030,116,860	1,240,770	1,027,529,923	197,879

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 ₦1.02 trillion (2016: ₦197 million) 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 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Land and buildings	1,758,860	1,372,033	887,676	810,429
Plant and machinery	1,427,869	790,307	285,830	418,856
Other tangible assets	345,038	213,399	243,132	116,660
	3,531,767	2,375,739	1,416,638	1,345,945

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.

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Future minimum rentals payable under non-cancellable operating leases as at 31 December are, as follows:

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Within one year	1,310,125	1,494,273	254,433	497,491
After one year but not more than five years	2,313,768	1,630,388	285,606	128,106
More than five years	2,089,009	918,753	-	-
	5,712,902	4,043,414	540,039	625,597

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:

	Group		Company	
Sale of goods and services	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Lafarge Ready-mix Nigeria Limited	-	-	2,413,243	1,523,475
Lafarge Holcim Trading	1,020,850	-	1,020,850	-
Total transaction value	1,020,850	-	3,434,093	1,523,475

	Group		Company	
Purchase of goods and services	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Lafarge Holcim Trading	199,769	770,395	199,769	770,395
Lafarge Energy Solution	3,180,105	-	3,180,105	-
Total transaction value	3,379,874	770,395	3,379,874	770,395

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.

		Group		Company	
		31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Others	Nature of transaction				
Ashaka Cement	Dividends received - Subsidiary	-	-	294,055	276,988
Lafarge South Africa PTY	Dividends received - Joint venture	1,767	1,066	-	-
Lafarge Energy Solution	Fuel	3,179,721	-	3,179,721	-
Cimenteries du Cameroun	Employee Related	20,678	55,748	20,678	55,748
Lafarge Industries South Africa (PTY) Ltd	Employee Related	33,867	7,419	26,452	7,419
Holcim (Schweiz) AG	Services Related	7,314	-	7,314	-
Holcim Group Services Ltd	Services Related	28,301	117,477	28,301	117,477
Lafarge Canada Inc. (West)	Services Related	41,875	-	41,875	-
Lafarge International Services Singapore Pte Ltd	Employee Related	1,030,544	419,318	1,030,544	407,068

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	Nature of transaction	Group 31 Dec 2017 ₦'000	Group 31 Dec 2016 ₦'000	Company 31 Dec 2017 ₦'000	Company 31 Dec 2016 ₦'000
Others(cont'd)					
LafargeHolcim Middle East & Africa IT Service Center	IT Services	228,006	953,288	225,250	888,812
Lafarge S.A Paris	Employee related, capex	521,577	649,876	302,524	649,876
Lafarge Building Materials	Employee Related	59,174	139,343	59,175	90,821
LafargeHolcim Maroc Afrique	Employee Related	122,029	-	122,029	-
Technical Center Europe-Africa	Services Related	18,833	101,426	16,621	101,426
LafargeTechnical Center Vienna GMBH	Services Related	27	26	-	-
Lafarge Cement Syria	Employee Related	2,416	3,255	-	-
Lafarge Poland	Employee Related	-	15,649	-	-
Lafarge Middle East Africa	Employee Related		145,087		145,087
Mbeya Cement Company Limited	Employee Related	-	27,517	-	27,517
Holcim Trading S.A.	Fuel	277,298		277,298	-
Holcim (ESPANIA) S. A	Services Related	38,381	15,793	38,381	15,793
Lafarge Malaysia	Services Related	15,145	1,824	15,145	1,824
Lafarge Building Materials Ltd	Employee Related	31,901	-	31,901	-
Lafarge Cementos S.A.U	Employee Related	4,158	-	4,158	-
ContiTech Africa (Pty) Ltd	Employee Related	-	8,384	-	8,384
Johannes Diedericks	Employee Related	-	3,435	-	3,435
LafargeCement Pakistan	Employee Related	-	259	-	259
Lafarge Inter. Serv. Singapore PTE LTD	Employee Related	-	403,407	-	403,407
Bamburi Cement Limited	Employee Related	-	2,959	-	2,959
Holcim (Romania) S. A	Employee Related	-	2,848	-	2,848
Lafarge (Beijing) Building Materials Technical Service Co, Ltd	Employee Related	23,672	129,523	15,619	129,523
Lafarge Cementos S.A.U	Employee cost	-	47,015	-	47,015
Lafarge S.A Paris	Technical Fees	3,251,786	2,878,050	2,816,494	2,525,147
Holcim Technology Ltd	Technical Fees	2,262,350	1,176,896	2,262,350	1,176,895
Total transaction value		11,200,820	7,306,888	10,815,885	7,085,728

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 31 Dec 2017 ₦'000	Group 31 Dec 2016 ₦'000	Company 31 Dec 2017 ₦'000	Company 31 Dec 2016 ₦'000
Trade receivables:				
Atlas Cement Limited	-	-	-	378,276
AshakaCem	-	-	41,286	41,286
Lafarge Holcim Trading	814,668	-	814,668	-
Lafarge Ready-mix Nigeria Limited	-	-	445,296	475,530
	814,668	-	1,301,250	895,092
Technical service fees:				
Lafarge S.A Paris	22,778,564	4,986,967	13,069,829	5,871,729
Holcim Technology Ltd	5,203,194	4,898,476	5,203,194	-
	27,981,758	9,885,443	18,273,023	5,871,729

The sale/purchase 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.

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39.5 Other receivables from and payables to related parties

			Group		Company	
Other receivables			31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
AshakaCem	Subsidiary	Back end expenses.	-	-	5,477,031	2,065,042
United Cement Company of Nigeria	Subsidiary	Back end expenses.	-	-	-	9,664,074
Lafarge Ready-mix Limited	Subsidiary	Back end expenses.	-	-	4,602,277	3,776,894
Atlas Cement Company Limited	Subsidiary	Back end expenses.	-	-	-	256,929
Lafarge S.A.	Fellow subsidiary	Back end expenses.	138,059	94,183	-	-
Lafarge Cement Zimbabwe	Fellow subsidiary	Back end expenses.	7,434	2,170	-	-
Lafarge Bamburi Cement - (Kenya)	Fellow subsidiary	Back end expenses.	-	580	-	-
Lafarge Cement Malawi	Fellow subsidiary	Back end expenses.	2,701	1,396	-	-
Hima Cement Limited	Fellow subsidiary	Back end expenses.	1,805	539	1,564	-
Lafarge Nigeria	Fellow subsidiary	Back end expenses.	-	441,653	-	428,421
Lafarge UK Services	Fellow subsidiary	Back end expenses.		3,360		
Lafarge East Africa	Fellow subsidiary	Back end expenses.	-	305,961	-	-
Chilanga cement plc	Fellow subsidiary	Back end expenses.	-	580	-	-
Mbeya cement	Fellow subsidiary	Back end expenses.	45,893	11,201	784	1,320
Holcim Technology Limited	Fellow subsidiary	Back end expenses.	-	3,645	-	-
Lafarge service group	Fellow subsidiary	Back end expenses.	16,926	8,748	-	-
Lafarge ITEO	Fellow subsidiary	Back end expenses.	-	235	-	-
LafargeHolcim Energy Solutions	Fellow subsidiary	Back end expenses.	28,276	-	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.	428,421	-	428,421	-
LafargeHolcim Middle East & Africa IT Service Center	Fellow subsidiary	Back end expenses.	572,603	-	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.	23,210	-	-	-
Lafarge MEA Building Materials S.A.E	Fellow subsidiary	Back end expenses.	170,902	-	162,452	-
			1,646,610	874,251	10,887,861	16,192,680

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Other payables			Group 31 Dec 2017 ₦'000	Group 31 Dec 2016 ₦'000	Company 31 Dec 2017 ₦'000	Company 31 Dec 2016 ₦'000
Lafarge S.A	Fellow subsidiary	Back end expenses.	2,119,198	1,537,758	1,117,548	751,145
Holcim technology limited	Fellow subsidiary	Back end expenses.	2,194,428	6,269,860	2,194,428	-
Lafarge ZA (South Africa)	Fellow subsidiary	Back end expenses.	-	-	-	5,293
Lafarge Cement Zimbabwe	Fellow subsidiary	Back end expenses.	37,330	254,343	-	-
Lafarge Bamburi Cement - (Kenya)	Fellow subsidiary	Back end expenses.	-	2,959	-	2,959
Lafarge Nigeria	Fellow subsidiary	Back end expenses.	-	266,025	-	-
Lafarge UK Services	Fellow subsidiary	Back end expenses.	-	371,422	-	246,948
Lafarge Cement Pakistan	Fellow subsidiary	Back end expenses.	-	605	-	605
Lafarge Intern. Serv. Singapore	Fellow subsidiary	Back end expenses.	-	704,819	-	316,048
Lafarge East Africa	Fellow subsidiary	Back end expenses.	-	15,487	-	
Lafarge Middle East and Africa (LMEA)	Fellow subsidiary	Back end expenses.	-	299,989	-	64,705
Centre Technique Inter-Unites	Fellow subsidiary	Back end expenses.	-	409,683	-	404,562
Lafarge Poland	Fellow subsidiary	Back end expenses.	-	47,342	-	-
Lafarge North America	Fellow subsidiary	Back end expenses.	113,164	82,575	-	-
Lafarge ITEO	Fellow subsidiary	Back end expenses.	-	585,921	-	-
Bazian Cement Co Ltd	Fellow subsidiary	Back end expenses.	13,637	-	-	-
Lafarge Beocinka Fabrika Cementa	Fellow subsidiary	Back end expenses.	508	111	-	-
Lafarge Canada	Fellow subsidiary	Back end expenses.	55,083	10,046	2,646	10,046
Lafarge Technical Centre Vienna	Fellow subsidiary	Back end expenses.	-	125,381	-	-
Lafarge Syria	Fellow subsidiary	Back end expenses.	-	9,737	-	-
Lafarge Cement Cameroun	Fellow subsidiary	Back end expenses.	40,859	61,492	40,859	25,066
Holcim technology S. A.	Fellow subsidiary	Back end expenses.	-	678,466	-	-
Lafarge Malaysia	Fellow subsidiary	Back end expenses.	-	(848)	-	-
Holcim Group Services Ltd	Fellow subsidiary	Back end expenses.	331,458	177,077	331,458	-
Lafarge S.A. U	Fellow subsidiary	Back end expenses.	-	59,248	-	-
Lafarge Building Materials Holding	Fellow subsidiary	Back end expenses.	412,258	40,946	404,205	-
Lafarge MEA Building Materials S.A.E	Fellow subsidiary	Back end expenses.	357,324	-	336,200	-
Holcim Espana	Fellow subsidiary	Back end expenses.	-	15,793	-	-
Hima Cement Limited Uganda	Fellow subsidiary	Back end expenses.	401	-	-	-
Bamburi Cement Ltd	Fellow subsidiary	Back end expenses.	22,243	-	22,243	-
Holcim (Maroc) S.A.	Fellow subsidiary	Back end expenses.	64,100	-	64,100	-

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Other payables (cont'd)			Group 31 Dec 2017 ₦'000	Group 31 Dec 2016 ₦'000	Company 31 Dec 2017 ₦'000	Company 31 Dec 2016 ₦'000
Holcim Romania	Fellow subsidiary	Back end expenses.	-	4,724	-	-
Cementia Trading AG	Fellow subsidiary	Back end expenses.	-	137,118	-	-
Lafarge Cement Syria	Fellow subsidiary	Back end expenses.	10,040	-	-	-
Lafarge Beijing Building Materials	Fellow subsidiary	Back end expenses.	44,246	129,523	44,246	-
Lafarge Cement Egypt S.A.E.	Fellow subsidiary	Back end expenses.	3,289	-	-	-
Holcim Trading S.A.	Fellow subsidiary	Back end expenses.	1,767,122	-	1,767,122	-
LafargeHolcim (Brasil) S.A.	Fellow subsidiary	Back end expenses.	30,751	-		
Technical Center Europe-Africa	Fellow subsidiary	Back end expenses.	196,941	-	191,350	-
Lafarge Shipping Services Limited	Fellow subsidiary	Back end expenses.	619	-	619	-
LafargeHolcim Middle East & Africa IT Service Center	Fellow subsidiary	Back end expenses.	1,788,683	-	211,611	-
Lafarge Associated Nigeria Ltd	Fellow subsidiary	Back end expenses.	266,025		266,025	
Holcim (Deutschland) GmbH	Fellow subsidiary	Back end expenses.	16,178	-	-	-
Lafarge International Services Singapore Pte Ltd	Fellow subsidiary	Back end expenses.	176,824	-	123,292	-
Lafarge ReadyMix Nigeria Limited	Subsidiary	Back end expenses.	-	-	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.	-	3,152	-	-
Lafarge Industries South Africa (PTY) Ltd	Subsidiary	Back end expenses.	99,308	-	99,308	-
			10,264,271	12,300,754	7,226,888	1,827,377

Back end expenses relates to charge back of employee related costs, IT services and other administrative expenses.

39.6 Loans to/from related parties

	Group 31 Dec 2017 ₦'000	Group 31 Dec 2016 ₦'000	Company 31 Dec 2017 ₦'000	Company 31 Dec 2016 ₦'000
AshakaCem	-	-	11,103,553	7,000,000
Caricement B.V.	97,596,432	27,363,608	97,596,432	26,919,136
Holderffin Netherland	34,505,103	168,291	34,505,103	-
ReadyMix Nigeria Limited	-	-	603,268	-
Cemasco, Netherlands	12,290,024	-	-	-
	144,391,559	27,531,899	143,808,356	33,919,136

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39.7 Key management personnel compensation

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Executive	-	-	-	-
Non-executive	26,000	26,500	26,000	20,500
Fees	26,000	26,500	26,000	20,500
Other allowances and expenses	310,838	349,878	310,838	266,856
Short term employee benefits	336,838	376,378	336,838	287,356
Other key management personnel				
Salaries and other short term employee benefits	1,702,842	1,819,906	1,702,842	1,819,906
Post-employment benefits	78,700	86,784	78,700	86,784
Total	1,781,542	1,906,690	1,781,542	1,906,690

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	
Directors	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Directors' emolument comprise:				
Fees	26,000	26,500	26,000	20,500
Salaries and other emoluments	310,838	349,878	310,838	266,856
	336,838	376,378	336,838	287,356

Fees and other emoluments disclosed above include amount paid to:

Chairman	10,150	8,080	10,150	4,600
Other Directors	326,688	368,298	326,688	282,756
	336,838	376,378	336,838	287,356

The average number of Directors excluding the Chairman with gross emoluments:

	Group		Company	
	31 Dec 2017 Number	31 Dec 2016 Number	31 Dec 2017 Number	31 Dec 2016 Number
Range (N)				
Nil	2	10	2	4
Up to 2,000,000	-	-	-	-
2,000,001 - 3,000,000	1	-	1	-
3,000,001 - 4,000,000	1	1	1	-
Above 4,000,000	10	10	10	10
	14	21	14	14
Highest paid Director received	257,708	239,666	257,708	239,666

Employees

The average number of employees employed during the year:

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Managerial staff	405	761	261	247
Senior staff	1,262	2,076	722	499
Junior staff	1,668	764	103	153
	3,335	3,601	1,086	899

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The aggregate payroll costs:

	Group		Company	
	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000	31 Dec 2017 ₦'000	31 Dec 2016 ₦'000
Wages, salaries, allowances and other benefits	29,512,604	26,267,276	14,687,390	6,372,559
Pension and social benefits	2,307,089	2,552,276	782,940	542,344
Staff training	861,379	274,880	404,356	-
	32,681,072	29,094,432	15,874,686	6,914,903

The number of higher paid employees with gross emoluments within the ranges below were:

	Group		Company	
	31 Dec 2017 Number	31 Dec 2016 Number	31 Dec 2017 Number	31 Dec 2016 Number
Range (N)				
Up to 1,000,000	45	486	-	-
1,000,001 - 3,000,000	782	1,148	360	302
3,000,001 - 5,000,000	416	834	343	269
5,000,001 - 7,000,000	188	348	168	131
7,000,001 - 10,000,000	102	220	94	110
Above 10,000,000	1,802	565	121	87
	3,335	3,601	1,086	899

40 Events after the reporting period

40.1 On 14 March 2018, the Securities & Exchange Commission (SEC) approved a revised allotment in respect of the Rights Issue of 3,097,653,023 ordinary shares of 50 kobo each at ₦42.50. As part of its approval process, SEC requested after the balance sheet date that Caricement BV should subscribe in cash for the 430,580,572 Rights which were renounced by minority shareholders and which it had subscribed to by way of Debt to Equity conversion. Subsequent to this request, Caricement BV in flowed into the Offer Proceeds Bank Account the sum of ₦18,299,674,310 as payment for the 430,580,572 Rights issue.

Subsequent to 31 December 2017, 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.

There were no other events after the reporting date that could have had a material effect on the financial statements of the Group that have not been provided for or disclosed in these financial statements.

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 and statement of cash flows. The changes were made in order to achieve fairer presentation. Further details are shown below:

i) Consolidated and separate statements of profit or loss

		Group			Company		
		As reported in 2016 financial year	Reclassification /presentation	2016 comparative representation	As reported in 2016 financial year	Reclassification /presentation	2016 comparative representation
41.1	Selling and marketing expenses	3,928,674	(572,937)	3,355,737	1,698,993	(82,704)	1,616,289
41.1	Administrative expenses	(26,806,062)	3,068,951	(23,737,111)	(11,065,717)	2,163,316	(8,902,401)
41.2	Other income	3,842,165	(2,925,926)	916,239	10,790,358	(10,419,988)	370,370
41.3	Other operating expenses	(24,747,539)	22,702,372	(2,045,167)	(1,875,213)	117	(1,875,096)
	Impact on operating profit	(47,711,436)	22,845,397	(24,866,039)	(2,150,572)	(8,256,555)	(10,407,127)

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Consolidated and separate statements of profit or loss (cont'd)

		Group			Company		
		As reported in 2016 financial year	Reclassification /presentation	2016 comparative representation	As reported in 2016 financial year	Reclassification /presentation	2016 comparative representation
41.4	Investment income	1,066	(1,066)	-	276,988	(276,988)	-
41.5	Finance income	3,675,234	-	3,675,234	7,331,875	8,730,999	16,062,874
41.6	Finance costs	(15,504,072)	(23,417,268)	(38,921,340)	(6,742,176)	(280,160)	(7,022,336)
	Impact on (Loss)/Profit before minimum tax	(11,827,772)	(23,418,334)	(35,246,106)	866,687	8,173,851	9,040,538
41.7	Minimum tax	-	(271,163)	(271,163)	-	-	-
	Impact on (Loss)/Profit after minimum tax	-	(271,163)	(271,163)	-	-	-
41.8	Income tax credit/(expense)	39,717,499	271,163	39,988,662	889,586	-	889,586
		39,717,499	271,163	39,988,662	889,586	-	889,586
	Total impact on Profit/loss	(19,821,709)	(572,937)	(20,394,646)	(394,299)	(82,704)	(477,003)

41.1 Selling and marketing expenses / Administrative expenses

a Write back of accrued charges no longer required which arose from a review exercise conducted by an external consultant in 2016 as well as the write back of excess gratuity provision classified under other income in prior year has been reclassified to the related provision in other general cost. As a result, ₦2.92 billion and ₦1.96 billion relating to Group and Company have been reclassified respectively.

b. During 2017, Lafarge Africa Plc modified the classification of bank charges to be consistent with the Group's policy. Comparative amounts in the statement of profit or loss were reclassified for consistency. As a result, ₦715 million for the Group and ₦280 million for the Company were reclassified from administrative expenses to finance costs.

c. Remeasurement loss on long service award classified under other operating expenses in prior year of ₦117,000 has been reclassified to administrative expenses for Group and Company respectively.

d. Office and general expenses previously classified as part of selling and marketing expenses have been reclassified to administrative expenses to achieve a more appropriate presentation.

41.2 Other income

a. See Note 41.1 a

b. During 2017, Lafarge Africa Plc modified the classification of investment income to be consistent with the Group's policy. Comparative amounts in the statement of profit or loss were reclassified for consistency. As a result, N1.7 million (2016:N1.07 million) for the Group and ₦294 million (2016:₦277 million) for the Company relating to dividends received were reclassified from investment income to other income.

c. During 2017, Lafarge Africa Plc modified the classification of foreign exchange gain from other income to finance income. As a result, Nil and N8.7 billion has been reclassified for the Group and Company respectively.

41.3 Other operating expenses

a. See Note 41.1 c.

b. During 2017, Lafarge Africa Plc modified the classification of foreign exchange loss from other operating expenses to finance cost. As a result, ₦22.7 billion and Nil has been reclassified for the Group and Company respectively.

41.4 Investment income

a. See Note 41.2 b.

41.5 Finance income

a. See Note 41.2 c.

41.6 Finance cost

a. See Note 41.3 b.

b. See Note 41.1 b.

41.7 Minimum tax

a. Minimum tax previously classified as Income tax credit has been appropriately presented as a separate line. As a result, ₦271 million and Nil has been reclassified for Group and Company respectively.

41.8 Income tax credit/(expense)

a See Note 41.7 a.

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2017

ii) Consolidated and separate statements of financial position

		Group			Company		
		As reported in 2016 financial year	Reclassification /presentation	2016 comparative representation	As reported in 2016 financial year	Reclassification /presentation	2016 comparative representation
	Assets						
	Non-current assets						
41.9	Property, plant and equipment	390,488,541	(247,725)	390,240,816	114,617,300	-	114,617,300
41.10	Available for sale financial assets	5,928	(5,928)	-	-	-	-
41.11	Other financial assets	-	423,921	423,921	91,732,574	410,544	92,143,118
41.13	Other assets	4,182,933	5,607,672	9,790,605	-	-	-
41.15	Restricted cash	175,890	(175,890)	-	-	-	-
	Total impact on non-current assets	394,853,292	5,602,050	400,455,342	206,349,874	410,544	206,760,418
	Current assets						
41.16	Inventories	44,530,832	449,693	44,980,525	22,564,828	260,412	22,825,240
41.17	Trade and other receivables	25,801,379	(16,035,429)	9,765,950	21,451,612	(3,016,898)	18,434,714
41.18	Current tax assets	-	487,279	487,279	-	-	-
41.13	Other assets	2,510,371	9,947,715	12,458,086	1,078,113	2,756,486	3,834,599
41.11	Other financial assets	6,235,902	(5,324,784)	911,118	34,535,538	(3,990,922)	30,544,616
41.14	Derivative assets	-	3,580,378	3,580,378	-	3,580,378	3,580,378
41.15	Cash and cash equivalents	19,265,076	175,890	19,440,966	7,653,851	-	7,653,851
	Total impact on current assets	98,343,560	(6,719,258)	91,624,302	87,283,942	(410,544)	86,873,398
	Impact on total assets	493,196,852	(1,117,208)	492,079,644	293,633,816	-	293,633,816
	Liabilities						
	Non-current liabilities						
41.19	Borrowings	68,046,853	174,920	68,221,773	64,014,218	-	64,014,218
41.23	Provisions	2,448,365	(247,725)	2,200,640	563,468	-	563,468
41.20	Other long-term liabilities	1,720,963	(1,720,963)	-	-	-	-
	Total impact on non-current liabilities	72,216,181	(1,793,768)	70,422,413	64,577,686	-	64,577,686
	Current liabilities						
41.21	Trade and other payables	100,808,366	13,648,693	114,457,059	40,094,240	13,459,412	53,553,652
41.12	Current tax liabilities	824,627	487,279	1,311,906	363,625		363,625
41.22	Dividends	13,459,412	(13,459,412)	-	13,459,412	(13,459,412)	-
	Total impact on current liabilities	115,092,405	676,560	115,768,965	53,917,277	-	53,917,277
	Impact on total liabilities	187,308,586	(1,117,208)	186,191,378	118,494,963	-	118,494,963

41.9 Property, plant and equipments

a. This amount relates to correction of site restoration provision errorneously recorded in property, plant and equipment in prior year.

41.10 Available for sale financial assets

a. Available for sale financial assets which were previously presented as a separate line on the statement of financial position have now been more appropriately classified as other financial assets (non-current).

41.11 Other financial assets

a. See Note 41.10 a.

b. Fair value change on Non- deliverable futures of ₦3.58 billion which was previously presented as other financial assets (current) have now been appropriately presented as Derivative asset on a separate line on the statement of financial position.

c. 1.55 million relating to Loan receivable- LSAH, Qala (Lafarge Gypsum S. A. Pty Ltd) which was previously presented as Other financial assets- non current, has been reclassified to Borrowings.

d. See Note 41.17 d.

e. See Note 41.17 e.

f. This relates to shareholders loan to CBI Ghana of ₦410 million reclassified to other financial assets (non-current) from other financial assets (current).

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2017

41.12 Deferred tax assets

a. This amount represents current tax assets from Lafarge South Africa PTY which was previously classified under deferred tax assets in prior year and has been reclassified to Current tax assets as a separate line item in current year.

41.13 Other assets

a. During 2017, Lafarge Africa modified the classification of letters of credit. Comparative amounts in the statement of financial position were reclassified for consistency. As a result, ₦5.6billion for the Group was reclassified from trade and other receivables to other assets (non-current).

b. In 2017, advance payments to suppliers have been reclassified from other receivables to other assets. As a result, ₦9.95 billion for Group and ₦2.76 billion for Company have been reclassified to other assets (current).

41.14 Derivative assets

a. See Note 41.11 b.

41.15 Restricted cash

a. Restricted cash which was previously presented as a separate line item on the statement of financial position has now been presented as cash and cash equivalents.

41.16 Inventories

a. In 2017, accrued landed cost classified under other current receivables in Lafarge Africa and trade payables in UNICEM in prior year have been reclassified to Inventories - raw materials and spare parts based on the nature of the inventories. As a result, ₦449 million for the Group and ₦260 million for the Company have been reclassified for consistency.

41.17 Trade and other receivables

a. See Note 41.13 a.

b. See Note 41.13 b.

c. See Note 41.16 a.

d. In 2017, accrued interest of ₦212 million relating to NCH loan given to CBI Ghana classified under other receivables in prior year has been reclassified to other financial assets-current for a more appropriate presentation.

e. In 2017, long term receivable from third parties of ₦7 million classified under other receivables in prior year has been reclassified to other financial assets- non current for a more appropriate presentation.

41.18 Current tax assets

a. See Note 41.12 a.

41.19 Borrowings

a. In current year, Lafarge Africa modified the classification of Lafarge Gypsum S.A Pty Ltd (other long term liabilities) therefore comparative amounts in the statement of financial position were reclassified for consistency. As a result, ₦1.72 billion for the Group was reclassified from other long term liabilities to borrowings.

b. See Note 41.11 c.

41.20 Other long term liabilities

a. See Note 41.19 a.

41.21 Trade and other payables

a. See Note 41.16 a.

b. Dividend payable which was previously presented as a separate line item on the statement of financial position has been more appropriately presented as part of trade and other payables. As a result ₦13.46 billion has been reclassified for the Group and Company respectively.

41.22 Dividends

a. See Note 41.21 b.

41.23 Provisions

a. See Note 41.9 a.

b. Reclassification relates to current portion of site restoration costs classifed to other payables.

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2017

iii) Consolidated and separate statements of cash flows

		Group			Company		
		As reported in 2016 financial year	Reclassification /presentation	2016 comparative representation	As reported in 2016 financial year	Reclassification /presentation	2016 comparative representation
	Cash flows from operating activities:						
41.24	(Loss)/Profit before tax	(22,818,718)	22,818,718	-	19,888,762	(19,888,762)	-
41.24	(Loss)/Profit for the year	-	16,898,781	16,898,781	-	20,778,348	20,778,348
41.25	Other non-cash items	-	702,628	702,628	-	1,290,042	1,290,042
41.25	Write offs for property, plant and equipment	1,025,192	(1,025,192)	-	1,025,192	(1,025,192)	-
41.25	Movement in dividend payable	-	-	-	(4,850,941)	4,850,941	-
41.25	Write off of land feasibility costs	515,411	(515,411)	-	515,411	(515,411)	-
41.25	Gains on disposals of property, plant and equipment	(1,045)	1,045	-	(1,045)	1,045	-
41.25	Gains on disposals of intangible assets	2,147	(2,147)	-	-	-	-
41.25	Movement in provision	(352,511)	352,511	-	(291,272)	291,272	-
41.25	Government grants	(579,075)	579,075	-	(30,104)	30,104	-
41.26	Finance costs	15,504,072	715,013	16,219,085	6,742,176	280,160	7,022,336
41.24	Income tax expense/(credit)	-	(39,988,662)	(39,988,662)	-	(889,586)	(889,586)
41.24	Minimum tax	-	271,163	271,163	-	-	-
41.27	Provisions and net movement on employee benefits	-	(3,578,788)	(3,578,788)	-	(4,157,510)	(4,157,510)
41.27	Retirement benefit obligations - service cost	25,236	(25,236)	-	(907,713)	907,713	-
41.27	Employee Long Service Award - service cost	731,043	(731,043)	-	299,262	(299,262)	-
41.27	Employee profit share scheme	(1,231,191)	1,231,191	-	(1,231,191)	1,231,191	-
41.27	Productivity bonus payment	(937,511)	937,511	-	(535,464)	535,464	-
41.27	Employee benefit paid on Retirement benefit obligations	(3,568,673)	3,568,673	-	(2,863,109)	2,863,109	-
41.27	Employee Long service award paid	(25,102)	25,102	-	(24,303)	24,303	-
41.27	Remeasurement (gains) / losses – Long service awards	(26,837)	26,837	-	117	(117)	-
41.27	Productivity Bonus for the period	1,108,042	(1,108,042)	-	758,686	(758,686)	-
41.27	Employee Profit Share Scheme	346,205	(346,205)	-	346,205	(346,205)	-
41.28	Changes in working capital	3,488,633	96,542	3,585,175	(47,725,842)	(4,922,801)	(52,648,643)
	Impact on net cash from operating activities	**(6,794,682)**	**904,064**	**(5,890,618)**	**(28,885,173)**	**280,160**	**(28,605,013)**
	Cash flows from investing activities:						
41.29	Acquisition of subsidiary, net of cash acquired	-	(112,323)	(112,323)	-	(416,654)	(416,654)
41.29	Net movement in other financial assets	-	9,982,449	9,982,449	-	(73,592,603)	(73,592,603)
	Impact on net cash from investing activities	**-**	**9,870,126**	**9,870,126**	**-**	**(74,009,257)**	**(74,009,257)**
	Cash flows from financing activities:						
41.26	Interest paid	(15,063,590)	470,221	(14,593,369)	(4,712,791)	(280,160)	(4,992,951)
41.29	Net cash outflow on acquisition of subsidiaries	(112,323)	112,323	-	(416,654)	416,654	-
41.29	Net movement in other financial assets	9,975,000	(9,975,000)	-	(73,592,603)	73,592,603	-
41.30	Proceeds from loans and borrowings	94,632,705	(196,500)	94,436,205	-	-	-
	Impact on net cash from financing activities	**104,495,382**	**(10,059,177)**	**94,436,205**	**(74,009,257)**	**74,009,257**	**-**
	Total impact on cash flow	**97,700,700**	**715,013**	**98,415,713**	**(102,894,430)**	**280,160**	**(102,614,270)**

Notes to the Consolidated and Separate Financial Statements
for the year ended 31 December 2017

41.24 Cash flow from/(used in) operating activities was reconciled from (Loss)/Profit before tax in prior year. In current year, cash flow from/(used in) operating activities has been reconciled from profit for the year.

41.25 This represents write offs for property, plant and equipment, movement in dividend payable, write off of land feasibility costs, gains on disposals of property, plant and equipment, gains on disposals of intangible assets, movement in provision and government grants presented as seperate line items in prior year which has been reclassified to other non-cash items in current year.

41.26 This represents net unrealised exchange loss which was classified as a separate line item in prior year but has been reclassified to finance costs in current year. Additionally, bank charges which was classified under administrative expenses has been reclassified to finance costs.

41.27 This represents retirement benefit obligations-service cost, employee long service award-service cost, employee profit share scheme, productivity bonus payment, employee benefit paid on retirement benefit obligations, employee long service award paid, remeasurement (gains)/losses - long service awards, productivity bonus for the period, employee profit share scheme presented as seperate line items in prior year which has been reclassified to provisions and net movement on employee benefits in current year.

41.28 This represents reclassification of accrued landed cost, impairment provision on trade receivables and tripartite guarantee to working capital. This also represents reclassification of long term receivable out of working capital.

41.29 This amount represents reclassification of net movement in other financial assets from financing activities to investing activities in the current year and also reclassification of long term receivable to other financial assets for better and fairer presentation.

41.30 This amount relates to tripartite guarantee which has been reclassified to other payables in the current year for better and fairer presentation.

Other National Disclosures

Consolidated and Separate Statements of Value Added for the year ended 31 December 2017

Group	31 Dec 2017 ₦'000	%	31 Dec 2016 ₦'000	%
Revenue	299,153,305	580	219,714,112	281
Bought in materials and services:				
Local	(184,741,039)	(359)	(108,026,486)	(139)
Imported	(68,328,877)	(132)	(37,955,252)	(48)
Other income and finance income	5,508,504	11	4,591,473	6
Value added	51,591,893	100	78,323,847	100
Applied as follows:				
To pay employees				
Wages, salaries and other benefits	32,681,072	63	29,094,432	37
To pay providers of capital:				
Finance costs	28,709,847	56	15,063,590	19
To pay government:				
Income tax expense	2,455,201	5	1,128,366	1
Retained in the business				
To maintain and replace:				
Property, plant and equipment	22,181,159	43	15,877,483	20
Intangible assets	166,023	-	261,195	1
To (deplete)/augument reserves	(34,601,409)	(67)	16,898,781	22
Value added	51,591,893	100	78,323,847	100

Other National Disclosures

Consolidated and Separate Statements of Value Added for the year ended 31 December 2017

Company	31 Dec 2017 ₦'000	%	31 Dec 2016 ₦'000	%
Revenue	177,170,362	367	87,198,416	221
Bought in materials and services:				
Local	(93,964,461)	(194)	(45, 607,809)	(116)
Imported	(40,270,526)	(84)	(18,628,542)	(47)
Other income and finance income	5,289,423	11	16,433,244	42
Value added	48,224,698	100	39,395,310	100
Applied as follows:				
To pay employees				
Wages, salaries and other benefits	15,874,686	33	6,914,903	18
To pay providers of capital:				
Finance costs	28,331,639	59	6,531,774	17
To pay government:				
Income tax expense	937,732	2	-	-
Retained in the business				
To maintain and replace:				
Depreciation of plant, property and equipment	16,304,267	34	5,170,285	13
Intangible assets	-	-	-	-
To (deplete)/augument reserves	(13,223,626)	(28)	20,778,348	52
Value added	48,224,698	100	39,395,310	100

Other National Disclosures

Five year Financial Summary for the year ended 31 December 2017

Group	IFRS			NGAAP	
	2017	2016	2015	2014	2013
	₦'000	₦'000	₦'000	₦'000	₦'000
Financial position					
Capital employed:					
Ordinary share capital	2,787,888	2,740,367	2,277,451	2,202,088	1,500,800
Share premium	222,272,108	217,528,456	186,419,988	173,997,568	9,488,747
Retained earnings	160,257,556	102,842,886	100,992,758	87,206,392	134,877,196
Deposit for shares	130,416,872	-	-	-	-
Foreign currency translation reserve	9,935,643	(8,660,486)	(10,156,641)	(1,341,036)	(896,476)
Other reserves on business combination and re-organisation	(368,683,312)	(256,899,951)	(162,185,111)	(161,689,548)	6,534,440
Non-controlling interest	-	191,401,276	58,803,285	75,204,485	19,520,368
Total equity	156,986,755	248,952,548	176,151,730	175,579,949	171,025,075
Represented by:					
Property, plant & equipment	393,651,934	390,240,816	364,397,318	331,257,236	213,276,396
Intangible assets	2,634,326	1,563,499	1,548,927	2,196,926	2,360,869
Investment in joint ventures	-	89,551	27,410	43,208	-
Other financial assets	1,582,622	423,921	9,980,526	6,255,605	6,321,989
Other assets	20,803,113	9,790,605	291,765	1,587,096	
Deferred tax assets	7,951,595	7,641,003	-	294,629	96,571
Restricted cash	-	-	2,188,089	2,097,687	
Net current liabilities/assets	(189,550,565)	(85,039,599)	(20,477,577)	(3,505,724)	3,160,160
	237,073,025	324,709,796	357,956,458	340,226,663	225,215,985
Borrowings	(68,715,378)	(68,221,773)	(135,465,180)	(116,001,592)	(11,160,339)
Deferred tax liabilities	(1,463,106)	-	(32,937,323)	(34,172,979)	(30,885,433)
Provisions	(3,472,388)	(2,200,640)	(2,576,567)	(3,124,736)	(2,561,661)
Deferred revenue	(1,518,467)	(1,554,673)	(2,133,748)	(2,368,466)	(812,808)
Employee benefits obligation	(4,916,931)	(3,780,162)	(7,542,345)	(8,978,941)	(8,770,669)
Other long term liabilities	-	-	(1,149,565)	-	-
Net assets/ (liabilities)	156,986,755	248,952,548	176,151,730	175,579,949	171,025,075
Net assets/(liabilities) per share (Naira)	2,816	4,542	3,867	3,987	3,883

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.

	IFRS			NGAAP	
	2017	2016	2015	2014	2013
Financial result	₦'000	₦'000	₦'000	₦'000	₦'000
Revenue	299,153,305	219,714,112	267,234,239	260,810,463	206,072,691
(Loss)/profit before minimum tax	(34,032,277)	(22,818,718)	29,286,847	40,358,133	64,261,549
(Loss)/profit for the year	(34,601,409)	16,898,781	27,162,969	33,820,372	60,953,245
Dividend proposed	13,010,143	5,754,771	14,904,233	15,855,034	9,905,280
Per share data (Kobo)					
Earnings - Basic	(637)	315	574	767	1,343
Dividend proposed (kobo)	150	105	300	360	330
Dividend cover (times)	(4)	3	2	2	4
Net assets	2,816	4,542	3,867	3,987	3,883

Earnings per share (EPS) is calculated by dividing the profit or loss attributable to equity holders of the Group by the weighted average number of ordinary shares outstanding at the end of the reporting period.

Other National Disclosures

Five year Financial Summary for the year ended 31 December 2017

Company	IFRS			NGAAP	
	2017 ₦'000	2016 ₦'000	2015 ₦'000	2014 ₦'000	2013 ₦'000
Financial position					
Capital employed:					
Ordinary share capital	2,787,888	2,740,367	2,277,451	2,202,088	1,500,800
Share premium	222,272,108	217,528,456	186,419,988	173,997,568	9,488,747
Retained earnings	100,970,988	119,825,320	113,904,430	100,464,682	81,652,118
Deposit for shares	130,416,872	-	-	-	-
Foreign currency translation reserve	39,103	-	-	-	-
Other reserves on business combination and re-organisation	(191,718,064)	-	-	-	-
Total equity	264,768,895	340,094,143	302,601,869	276,664,338	92,641,665
Represented by:					
Property, plant & equipment	292,872,779	114,617,300	118,251,256	120,154,329	123,128,764
Intangible assets	-	-	-	-	-
Investment in subsidiaries	182,088,406	243,891,263	211,903,225	198,173,967	50,000
Investment in joint venture	-	73,133	-	-	-
Other financial assets	1,556,738	92,143,118	18,139,971	-	-
Other assets	14,984,747	-	-	-	-
Deferred tax assets	16,333,384	-	-	-	-
Net current liabilities/assets	(174,121,882)	(25,718,849)	(14,578,906)	(11,227,214)	(2,646,343)
	333,714,172	425,005,965	333,715,546	307,101,082	120,532,421
Borrowings	(64,900,757)	(64,014,218)	(5,672,992)	(7,057,436)	(8,441,880)
Deferred tax liabilities	-	(18,031,333)	(18,900,873)	(18,021,055)	(14,241,070)
Provisions	(909,320)	(563,468)	(792,578)	(742,123)	(640,498)
Deferred revenue	(1,518,467)	(722,496)	(752,600)	(782,704)	(812,808)
Employee benefits obligation	(1,616,733)	(1,580,307)	(4,994,634)	(3,833,426)	(3,754,500)
Net assets/ (liabilities)	264,768,895	340,094,143	302,601,869	276,664,338	92,641,665
Net assets/(liabilities) per share (Naira)	4,749	6,205	8,553	8,079	3,086

Net assets per share is calculated by dividing net assets of the Company by the number of ordinary shares outstanding at the end of the reporting period.

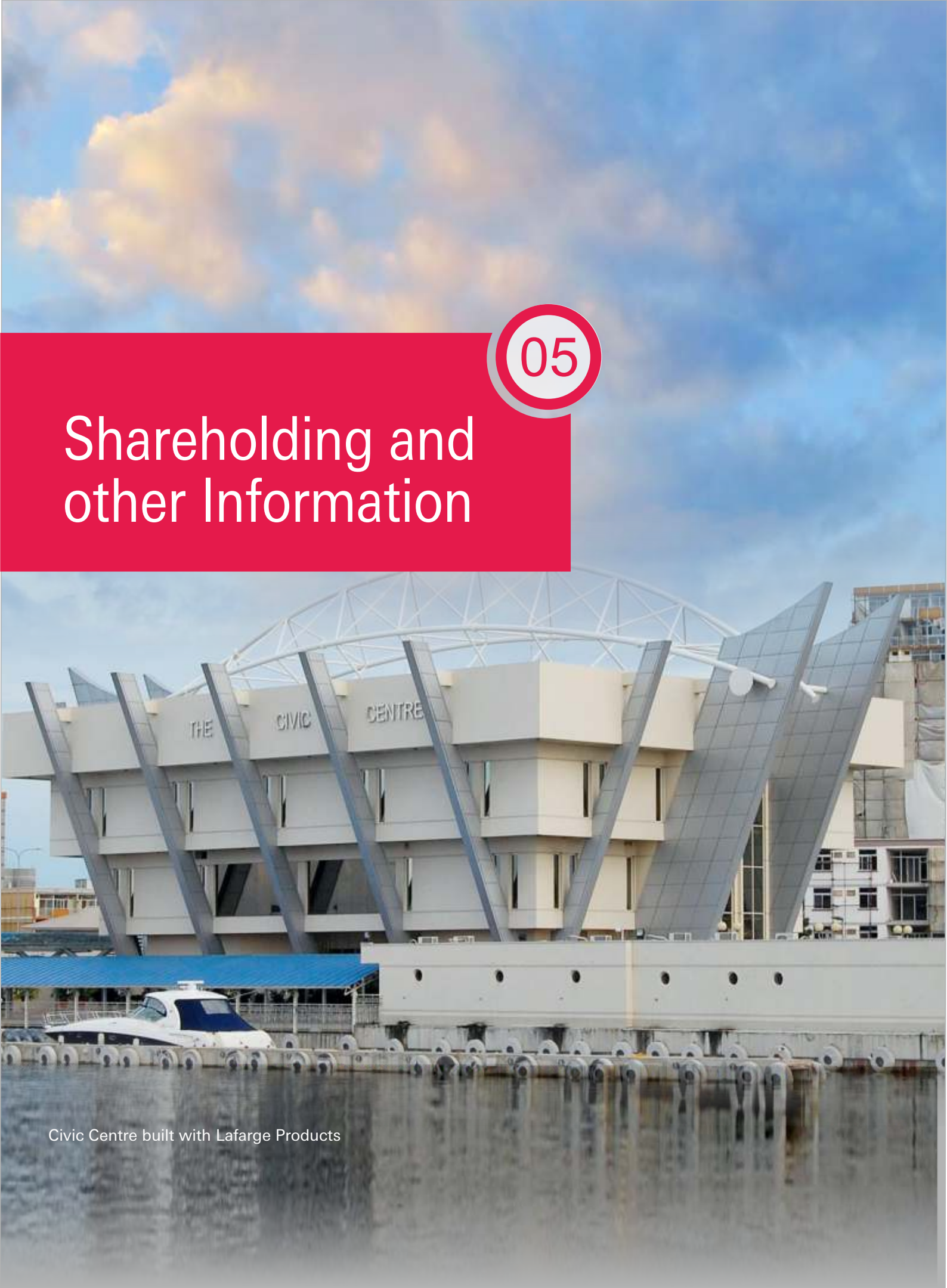
	IFRS			NGAAP	
Financial result	2017 ₦'000	2016 ₦'000	2015 ₦'000	2014 ₦'000	2013 ₦'000
Revenue	177,170,362	87,198,416	114,558,245	105,848,657	97,174,505
(Loss)/profit before minimum tax	(7,098,191)	19,888,762	30,918,773	32,352,996	27,443,083
(Loss)/profit for the year	(13,223,626)	20,778,348	29,837,395	28,360,146	28,022,200
Dividend proposed	13,010,143	5,754,771	14,904,233	15,855,034	9,905,280
Per share data (Kobo)					
Earnings - Basic	(240)	394	594	826	934
Dividend proposed (kobo)	150	105	300	360	330
Dividend cover (times)	(2)	4	3	2	3
Net assets	4,749	6,205	8,553	8,079	3,086

Earnings per share (EPS) is calculated by dividing the profit or loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding at the end of the reporting period.


A solid foundation
LAFARGE
UNICEM
Portland Limestone Cement
CONFIRMED
Caution:
BAG NOT MEANT FOR FOOD
PACKAGING AFTER USE
Strength
Fast-Setting
Durability
Good Finish
A member of
LafargeHolcim
LAFARGE
Building better cities

05

Shareholding and other Information



Civic Centre built with Lafarge Products

Share capital history Lafarge Africa Plc as at December 31 2017

	AUTHORIZED			FULLY PAID UP		
YEAR	NUMBER OF SHARES	VALUE (NAIRA)	NOMINAL VALUE	NUMBER ISSUED	VALUE (NAIRA)	REMARKS
1959	3,000,000	6,000,000	AT ₦2.00 EACH	2,000,000	4,000,000	-
1960	3,000,000	6,000,000	AT ₦2.00 EACH	2,000,000	4,000,000	-
1961	3,000,000	6,000,000	AT ₦2.00 EACH	2,000,000	4,000,000	-
1962	3,000,000	6,000,000	AT ₦2.00 EACH	2,000,000	4,000,000	-
1963	3,000,000	6,000,000	AT ₦2.00 EACH	2,000,000	4,000,000	-
1964	3,000,000	6,000,000	AT ₦2.00 EACH	2,000,000	4,000,000	-
1965	3,000,000	6,000,000	AT ₦2.00 EACH	2,000,000	4,000,000	-
1966	3,000,000	6,000,000	AT ₦2.00 EACH	2,000,000	4,000,000	-
1967	3,000,000	6,000,000	AT ₦2.00 EACH	2,000,000	4,000,000	-
1968	12,000,000	6,000,000	AT ₦0.50 EACH	8,000,000	4,000,000	SHARE SPLIT
1969	14,000,000	7,000,000	AT ₦0.50 EACH	14,000,000	7,000,000	-
1970	14,000,000	7,000,000	AT ₦0.50 EACH	14,000,000	7,000,000	-
1971	14,000,000	7,000,000	AT ₦0.50 EACH	14,000,000	7,000,000	-
1972	14,000,000	7,000,000	AT ₦0.50 EACH	14,000,000	7,000,000	-
1973	14,000,000	7,000,000	AT ₦0.50 EACH	14,000,000	7,000,000	-
1974	14,000,000	7,000,000	AT ₦0.50 EACH	14,000,000	7,000,000	-
1975	36,000,000	18,000,000	AT ₦0.50 EACH	36,000,000	18,000,000	PREFERENCE SHARE
1976	36,000,000	18,000,000	AT ₦0.50 EACH	36,000,000	18,000,000	-
1977	72,000,000	36,000,000	AT ₦0.50 EACH	60,300,000	30,150,000	SPECIAL ALLOTMENT
1978	72,000,000	36,000,000	AT ₦0.50 EACH	60,300,000	30,150,000	-
1979	72,000,000	36,000,000	AT ₦0.50 EACH	60,300,000	30,150,000	-
1980	72,000,000	36,000,000	AT ₦0.50 EACH	60,300,000	30,150,000	-
1981	72,000,000	36,000,000	AT ₦0.50 EACH	60,300,000	30,150,000	-
1982	72,000,000	36,000,000	AT ₦0.50 EACH	60,300,000	30,150,000	-
1983	101,450,000	50,725,000	AT ₦0.50 EACH	90,450,000	45,225,000	BONUS
1984	101,450,000	50,725,000	AT ₦0.50 EACH	90,450,000	45,225,000	-
1985	101,450,000	50,725,000	AT ₦0.50 EACH	90,450,000	45,225,000	-
1986	101,450,000	50,725,000	AT ₦0.50 EACH	90,450,000	45,225,000	-
1987	101,450,000	50,725,000	AT ₦0.50 EACH	90,450,000	45,225,000	-
1988	120,600,000	60,300,000	AT ₦0.50 EACH	120,600,000	60,300,000	BONUS
1989	120,600,000	60,300,000	AT ₦0.50 EACH	120,600,000	60,300,000	-
1990	120,600,000	60,300,000	AT ₦0.50 EACH	120,600,000	60,300,000	-
1991	120,600,000	60,300,000	AT ₦0.50 EACH	120,600,000	60,300,000	-
1992	241,200,000	120,600,000	AT ₦0.50 EACH	241,200,000	120,600,000	BONUS
1993	241,200,000	120,600,000	AT ₦0.50 EACH	241,200,000	120,600,000	-
1994	321,600,000	160,800,000	AT ₦0.50 EACH	321,600,000	160,800,000	BONUS
1995	321,600,000	160,800,000	AT ₦0.50 EACH	321,600,000	160,800,000	-
1996	428,800,000	214,400,000	AT ₦0.50 EACH	428,800,000	214,400,000	BONUS
1997	428,800,000	214,400,000	AT ₦0.50 EACH	428,800,000	214,400,000	-
1998	600,000,000	300,000,000	AT ₦0.50 EACH	571,733,334	285,866,667	BONUS
1999	600,000,000	300,000,000	AT ₦0.50 EACH	571,733,334	285,866,667	-
2000	600,000,000	300,000,000	AT ₦0.50 EACH	571,733,334	285,866,667	-
2001	1,142,806,000	571,403,000	AT ₦0.50 EACH	1,143,466,668	571,733,334	BONUS
2002	4,573,866,672	2,286,933,336	AT ₦0.50 EACH	1,715,200,000	857,700,001	BONUS

Share capital history Lafarge Africa Plc as at December 31 2017

	AUTHORIZED			FULLY PAID UP		
YEAR	NUMBER OF SHARES	VALUE (NAIRA)	NOMINAL VALUE	NUMBER ISSUED	VALUE (NAIRA)	REMARKS
2003	4,573,866,672	2,286,933,336	AT ₦0.50 EACH	1,715,200,000	857,700,001	-
2004	4,573,866,672	2,286,933,336	AT ₦0.50 EACH	1,715,200,000	857,700,001	-
2005	4,573,866,672	2,286,933,336	AT ₦0.50 EACH	3,001,600,004	1,500,800,002	RIGHTS ISSUE
2006	4,573,866,672	2,286,933,336	AT ₦0.50 EACH	3,001,600,004	1,500,800,002	-
2007	4,573,866,672	2,286,933,336	AT ₦0.50 EACH	3,001,600,004	1,500,800,002	-
2008	4,573,866,672	2,286,933,336	AT ₦0.50 EACH	3,001,600,004	1,500,800,002	-
2009	4,573,866,672	2,286,933,336	AT ₦0.50 EACH	3,001,600,004	1,500,800,002	-
2010	4,573,866,672	2,286,933,336	AT ₦0.50 EACH	3,001,600,004	1,500,800,002	-
2011	4,573,866,672	2,286,933,336	AT ₦0.50 EACH	3,001,600,004	1,500,800,002	-
2012	4,573,866,672	2,286,933,336	AT ₦0.50 EACH	3,001,600,004	1,500,800,002	-
2013	4,573,866,672	2,286,933,336	AT ₦0.50 EACH	3,001,600,004	1,500,800,002	-
2014	4,573,866,672	2,286,933,336	AT ₦0.50 EACH	4,404,175,988	2,202,087,994	ALLOTMENT OF SHARES
2015	10,000,000,000	5,000,000,000	AT ₦0.50 EACH	4,554,902,014	2,277,451,007	ASHAKACEM MTO
2016	10,000,000,000	5,000,000,000	AT ₦0.50 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 ₦0.50 EACH	4,983,926,597	2,491,963,298	ASHAKACEM VTO
2016	10,000,000,000	5,000,000,000	AT ₦0.50 EACH	5,480,734,369	2,740,367,185	BONUS 2016
2017	10,000,000,000	5,000,000,000	AT ₦0.50 EACH	5,490,514,222	2,745,257,111	ASHAKA DELISTING TRANSACTION
2017	10,000,000,000	5,000,000,000	AT ₦0.50 EACH	5,575,775,442	2,787,887,721	ASHAKA DELISTING FINAL

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
PAID UP SHARE CAPITAL	**5,575,775,442**

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

Photo Reel

Lafarge Africa Plc Court-Ordered Meeting held 6th November 2017 in Lagos

Members of Lafarge Africa Legal Team at the AshakaCem Court-Order Meeting.

Employees celebrating Nigeria's Independence Day.

Country CEO (middle) with some EXCOM members at Lafarge Africa Sports Day 2017

Lafarge Africa Sports Day 2017

Shareholders and Institutional investors during visit to the Mfamosing Plant, Calabar

Cross Section of Shareholders

Members of the Board at a Shareholders' Forum

Board Members and other Stakeholders at the 58th Annual General Meeting

Members of Lafarge Africa Plc Audit Committee with others at the 2017 Annual General Meeting

Our Loyal Customers

Notes

CARDINALSTONE REGISTRARS

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

Address:

City | State | Country

Previous Address (if any)

CHN (if any)

Mobile Telephone 1 | Mobile Telephone 2

Email Address

Signature(s) | Company Seal (if applicable)

Joint/Company's Signatories

TICK	NAME OF COMPANY	SHAREHOLDER'S ACCOUNT NO.
	ACORN PET. PLC	
	AFRIK PHARMECEUTICALS PLC	
	AG HOMES SAVINGS & LOANS	
	AG LEVENTIS	
	ARBICO PLC	
	ASHAKACEM PLC	
	BANKERS WAREHOUSE	
	BETA GLASS	
	CAPITAL HOTEL PLC	
	ELLAH LAKES	
	EVANS MED PLC	
	FCMB BOND	
	FCMB GROUP PLC	
	FIDSON BOND	
	G. CAPPA PLC	
	GUINEA PLC	
	IMB ENERGY MASTER FUND	
	JOS INT. BREWERIES PLC	
	KOGI SAVINGS & LOAN LTD	
	LAFARGE AFRICA PLC	
	LAFARGE BOND	
	LAW UNION & ROCK PLC	
	LEGACY FUND	
	LIVESTOCK FEEDS PLC	
	MORISON PLC	
	MRS OIL PLC	
	NAHCO BOND	
	NAHCO PLC	
	NEWPAK PLC	
	N.G.C PLC	
	NGC STERILE	
	NPF MICROFINANCE BANK	
	NULEC INDUSTRIES PLC	
	OKOMU OIL PALM PLC	
	REAN PLC	
	SKYE BANK PLC	
	TOTAL NIG. PLC	
	TRANEX PLC	
	WOMEN INVESTMENT FUND	

Help Desk Telephone No/Contact Centre Information for Issue resolution or clarification: 01-7120090

CARDINALSTONE REGISTRARS
website: www.cardinalstone.com; E-mail: registrars@cardinalstone.com

The Registrar
Cardinal Stone (Registrars) Limited
358, Herbert Macaulay Road
Yaba, Lagos
P. O. Box 9117, Lagos
Nigeria

Proxy Form

THE 59TH ANNUAL GENERAL MEETING OF LAFARGE AFRICA PLC WILL HOLD AT ZINNIA HALL, EKO HOTELS AND SUITES, PLOT 1415 ADETOKUNBO ADEMOLA STREET, VICTORIA ISLAND, LAGOS, NIGERIA ON WEDNESDAY,16TH MAY 2018 AT 11.00AM.

I/We*_____being a member/members of Lafarge Africa Plc hereby appoint*** _____of_____ _____ Or failing him the Chairman of the Meeting as my/our proxy to act and vote for me / us at the Annual General Meeting of the Company to be held on Wednesday, 16th May 2018 and at any Adjournment thereof.

Dated this _____ day of _____ 2018 Shareholder's Signature _____

Resolutions	For	Against	Abstain
ORDINARY BUSINESS 1. To lay the Audited Financial Statements for the year ended 31st December 2017 together with the Report of the Directors, External Auditors and Audit Committee thereon.			
2. To declare a dividend.			
3. (i) To approve the appointment of the following Directors: a. Ms. Geraldine Picaud (Non-Executive Director)			
b. Mr. Christof Hassig (Non-Executive Director)			
c. Mr. Grant Earnshaw (Non-Executive Director)			
(ii) To re-elect the following Directors: a. Mr. Mobolaji Balogun			
b. Mr. Jean-Carlos Angulo			
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. To authorize the Company to enter into recurrent transactions with related parties necessary for the day-to-day operations, including among others, the procurement of goods and services in compliance with the rules of the Nigerian Stock Exchange governing transactions with related parties or interested persons.			
Special Resolutions: 8. That, subject to regulatory approval, the Board of Directors be and is hereby authorized to raise additional capital of up to ₦100,000,000,000 (One Hundred Billion Naira) for the Company, through an offer of debt and/or equity in the domestic and/or international capital markets to be carried out in such manner, at such time, for such consideration and upon such terms and conditions as the Board of Directors may deem fit; and that in connection with the raising of additional capital, the Board of Directors be and is hereby further authorised to appoint such advisers or other professional parties as it may deem necessary, on such terms and subject to such conditions as the Board of Directors may deem appropriate. That Directors be and are hereby authorized to complete and do all such acts and things (including executing all such documents as may be required) to give effect to the transactions as authorized by the resolutions.			

Please indicate **"X"** in the appropriate space how you wish your votes to be cast on the resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his/her discretion.

NOTES: Please sign this form and post it, to reach the address overleaf not later than 48 hours before the time of holding the meeting. If executed by a corporation, 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
59TH ANNUAL GENERAL MEETING

SHAREHOLDERS' ADMISSION CARD

Please admit the shareholder on this form or his/her duly appointed proxy to the Annual General Meeting to be held at the Zinna Hall, Eko Hotel & Suites, Plot 1415 Adetokunbo Ademola Street, Victoria Island, Lagos on Wednesday, 16th May 2018 at 11am.

Name of Shareholder:_____

Number of Shares Held:_____Signature of Person attending:_____

Note: This form should be completed, signed, torn off and produced by the Shareholder or his/her duly appointed proxy in order to gain entrance to the venue of the meeting.

The Registrar
Cardinal Stone (Registrars) Limited
358, Herbert Macaulay Road
Yaba, Lagos
P. O. Box 9117, Lagos
Nigeria

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Contact Us:

customerservice.ng@lafargeholcim.com

01-2713990
070-806-351-00

lafarge_africa

facebook.com/lafargeafricaplc

Distributors' List

NO	NAME	LOCATION
1	MABOS AYOK INV. CO. LTD.	ABEOKUTA
2	KAZAB HERITAGE LTD	AKUTE
3	EBONY "D" GREAT (EXTENSION)	OWORONSHOKI
4	TEMI TOPE OIL NIG. LTD.	BADAGRY
5	MASELIZ ENTERPRISES	AWOYAYA- AJAH
6	ALHAJA JOKE OJOGBEDE	MOWE
7	OYINBASHY ENT.	OTA
8	EBONY "D" GREAT ENT.	LAGOS
9	TRIDAC ENTERPRISES	OPIC, IBAFO
10	IYA MILIKI & SONS	IJEBU ODE
11	OYINBASHY ENTERPRISES (LAKOWE)	LEKKI
12	ENTERPRISES GROWTH LTD	V/ISLAND
13	OLLA ADAMS ENT.	LAGOS
14	MAKINTOSH MAKINDE NIGERIA LTD	IJOKO TOWN
15	B-26 NIG. LTD	ABEOKUTA
16	B AND S VENTURES	ABEOKUTA
17	SAMAD KUNLE INVESTMENT LTD	AGO- OKOTA
18	ROGLADE NIG. LTD.	AYOBO
19	SKYTEE NIGERIA LIMITED	IJEBU ODE
20	MOTIT ENT.	LEKKI
21	FELL-CA ENT.	SATELLITE TOWN
22	MORASH VENTURES NIG. ENT.	IKORODU
23	C.P TECH. CONSTRUCTION CO. LTD	IJEBU-ODE
24	CRYSTAL CLEAR GLOBAL CONCEPT LTD	IKORODU
25	AUGUSTINE SALIU	IJEBU-IGBO
26	ABEOKUTA DEPOT	ABEOKUTA
27	BRICKHOUSE CONSTRUCTION	IKOYI
28	WAVERIDER SERVICE LIMITED	V/ISLAND
29	GEORGE UWAKWE	LEKKI
30	ALEEM ADIAT & SON NIG. LTD.	ADO-EKITI
31	RAFLYM NIGERIA LIMITED	IBADAN - NORTH
32	IBUKUN OLUWA ENT.	ADO - EKITI
33	RASHEED ISHOLA VENTURES LIMITED	IBADAN NORTH
34	J. B. OKANLAWON	IKIRUN
35	S.O.J ENT.	IBADAN NORTH
36	TITO VENTURES	IBADAN
37	STELLA DEE GLOBAL SERVICES LTD	OSHOGBO
38	ABIODUN AKINLEYE	IBADAN SOUTH
39	JOLLY FRIENDS	IBADAN NORTH
40	TEMITOPE OIL LTD (SHAKI)	SHAKI
41	MADEL GLORY VENTURES	ISEYIN
42	ADEKUNLE OSENI	AKURE
43	FUNMI FLORRY	ADO EKITI
44	ADE- ADEWUNMI NIG. ENT.	IBADAN
45	EJIDE NIGERIA LTD.	OGBOMOSHO
46	TQS ALAYO NIG LTD	SAKI
47	UBOTEX NIG. LTD.	UYO
48	GLOBAL SNCO (WA) LIMITED	ENUGU
49	UNEGBE VENTURES LTD	ENUGU
50	ANGEL ONYEBUCHI OGU VENTURE	AWKA
51	INFOR & BROS NIG. LTD.	ABA
52	NUMBERONE SOLUTION LINK	ORLU
53	IFEMACO INVESTMENT CONCEPT LTD	IKOM
54	EKEFIRE	MBAISE
55	JANNY AND SONS VENTURE	AWKA
56	IVANATE NIG LTD (f.k.a BETTER ORITOGUN)	ORLU
57	CHY-KEN AND SONS VENTURES LTD	ONITSHA
58	GLOBAL 50:50 CONCEPT NIG. LTD	OWERRI
59	DAVIDSON GLOBAL NIG ENT	OWERRI
60	MINDMINE ENGINEERING SERVICES	OHAUKWU
61	K.E.O MERCHANDISING COMPANY	EKET
62	ORAL TRADE INTL	ABAKILIKI
63	CHUKWUEMEKA DAVID ISU ENT. NIG	AFIKPO
64	B C NWABUOBI ENT	ENUGU
65	ESTRA MARKS VENTURES	PORT HARCOURT
66	NKANTA & SONS NIG LTD	IKOT EKPENE
67	OBIOMA ENTERPRISES NIG. LTD.	UMUAHIA
68	DAVY KING SOLUTIONS	NAZE
69	DIVINE NICK & SONS	OGOJA
70	GLOJOESAM INVESTMENT LTD	ABA
71	ORBIS RESOURCES LTD	ABAKILIKI
72	JOHN JEFF NIG. LTD	WARRI
73	ETOILE GLOBALE CONSULT	PORT HARCOURT
74	PETERS JITOBOR NIG. LTD	WARRI
75	SALTY RIVERS	WARRI
76	AJOKU JUDE OKECHUKWU	PORT HARCOURT
77	FELIX ODIKI	WARRI
78	F. JOGA NIG. CO	OLEH
79	CHY-KEN AND SONS VENTURES LTD	ONITSHA
80	UBOTEX NIG. LTD.	ENUGU
81	KPAKSBUDDY NIGERIA LIMITED	CALABAR
82	UCHE COLLINS GLOBAL VENTURES	NSUKKA
83	MAI-IYALE NIG. LTD	GOMBE
84	MAIYAKI GENERAL MERCHANT LTD	BAUCHI
85	UMAR NA-BURARI MAI KAWU	GOMBE
86	ADAMU MOHAMMED ABBA	BAUCHI
87	BABANGIDA MOHAMMED INTER LTD	GOMBE
88	BUBA MAGAJI "&" SONS	GOMBE

Lafarge Africa Plc
27B, Gerrard Road, Ikoyi,
Lagos State.
Tel: 234 1 2713990
www.lafarge.com.ng

A member of
LafargeHolcim