



LAFARGE AFRICA PLC

NOTES TO THE UNAUDITED CONSOLIDATED AND SEPARATE FINANCIAL RESULTS FOR THE 9 MONTHS ENDED 30 SEPTEMBER 2016

LAFARGE AFRICA PLC. (RC 1858)

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UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	GROUP				COMPANY			
	Q3 - 2016 N'000	Q3 - 2015 N'000	YTD - 2016 N'000	YTD - 2015 N'000	Q3 - 2016 N'000	Q3 - 2015 N'000	YTD - 2016 N'000	YTD - 2015 N'000
Continuing operations								
Revenue	53,679,084	62,860,463	161,043,882	215,039,331	20,482,066	26,848,197	64,067,839	91,400,986
Cost of sales	(50,708,590)	(45,279,432)	(142,933,718)	(143,280,736)	(16,001,311)	(16,524,751)	(51,940,015)	(52,857,322)
Gross income	2,970,493	17,581,030	18,110,164	71,758,595	4,480,756	10,323,446	12,127,824	38,543,664
Selling and marketing expenses	(1,916,232)	(1,114,314)	(3,898,907)	(3,294,376)	(1,108,039)	(514,079)	(2,112,439)	(1,501,062)
Administrative Expenses	(6,073,436)	(6,898,203)	(16,307,471)	(19,056,858)	(2,318,836)	(2,560,220)	(6,014,004)	(7,547,266)
Current operating income	(5,019,174)	9,568,513	(2,096,213)	49,407,361	1,053,881	7,249,147	4,001,381	29,495,336
Other gains/(losses)	(3,369,086)	23,619	(30,742,970)	(6,754,913)	1,530,305	1,011,071	6,291,864	(404,358)
Other expenses	(370,438)	(566,418)	(133,299)	(1,338,333)	(564,497)	(1,654,611)	(515,411)	(1,654,611)
Net other operating income / (expenses)	(3,739,523)	(542,799)	(30,876,269)	(8,093,246)	965,809	(643,540)	5,776,453	(2,058,969)
Operating income	(8,758,697)	9,025,714	(32,972,482)	41,314,115	2,019,690	6,605,607	9,777,834	27,436,367
Investment and finance income	4,039,460	25,365	796,986	3,798,301	2,733,761	195,972	4,122,915	2,826,795
Finance expenses	(6,875,180)	(3,077,272)	(8,192,129)	(8,607,492)	(2,432,433)	(511,382)	(3,533,323)	(1,626,833)
Net finance costs	(2,835,720)	(3,051,908)	(7,395,143)	(4,809,191)	301,329	(315,410)	589,592	1,199,962
<i>Share of net income (loss) of associates</i>	3,485	6,618	-	6,618	-	-	-	-
Income before tax	(11,590,933)	5,980,424	(40,367,625)	36,511,542	2,321,018	6,290,197	10,367,426	28,636,329
Tax (expense) / credit	3,027,491	(606,953)	2,965,447	(4,117,838)	2,244,369	(510,276)	1,241,281	(2,680,174)
Net Income from continuing operations	(8,563,441)	5,373,472	(37,402,178)	32,393,704	4,565,387	5,779,921	11,608,707	25,956,155
Net income (loss) from discontinued operations	-	(11,198)	-	(31,687)	-	-	-	-
NET INCOME	(8,563,441)	5,362,273	(37,402,178)	32,362,016	4,565,387	5,779,921	11,608,707	25,956,155
<i>of which attributable to:</i>								
<i>Owners of the parent Company</i>	(8,533,209)	5,314,111	(37,657,858)	31,691,010	4,565,387	5,779,921	11,608,707	25,956,155
<i>Non- controlling interests (Minority Interest)</i>	(30,233)	48,162	255,680	671,006	-	-	-	-
NET INCOME	(8,563,441)	5,362,273	(37,402,178)	32,362,016	4,565,387	5,779,921	11,608,707	25,956,155
Other comprehensive income/(losses) that will not reverse to P&L								
Actuarial gains /(losses) on retirement benefit obligation remeasurement	-	(447,872)	-	(625,978)	-	(364,732)	-	(364,732)
Tax on actuarial gains /(losses) on retirement benefit obligation remeasurement	-	132,740	-	186,172	-	109,420	-	109,420
Net gain/(loss) arising on business combination	-	-	-	(13,462,186)	-	-	-	-
Exchange gain/(loss) on foreign currency translation	2,903,828	(3,219,703)	12,657,852	(5,494,432)	-	-	-	-
Total comprehensive income for the period	(5,659,613)	1,827,438	(24,744,326)	12,965,592	4,565,387	5,524,609	11,608,707	25,700,843
<i>of which attributable to:</i>								
<i>Owners of the parent Company</i>	(5,629,381)	2,366,854	(25,000,006)	11,796,568	4,565,387	5,524,609	11,608,707	25,700,843
<i>Non- controlling interests (Minority Interest)</i>	(30,233)	(539,417)	255,680	1,169,024	-	-	-	-
Total comprehensive (loss) / income for the period	(5,659,613)	1,827,438	(24,744,326)	12,965,592	4,565,387	5,524,609	11,608,707	25,700,843
EARNINGS PER SHARE (kobo)								
Attributable to the owners of the parent company								
Basic earnings per share	(156)	117	(689)	696	81	127	206	570

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	GROUP		COMPANY	
	30/09/2016 N'000	31/12/2015 N'000	30/09/2016 N'000	31/12/2015 N'000
ASSETS				
Property, plant and equipment	399,833,403	364,397,315	114,395,199	118,251,256
Intangible assets	3,077,222	1,548,927	1,017,529	-
Investment in subsidiaries	-	-	243,912,700	211,903,225
Investment in associate	103,912	27,409	73,133	-
Other long term investment	9,666	5,526	-	-
Other assets	-	545,542	-	-
Deferred tax asset	787,039	447,942	-	-
Restricted cash	-	2,188,089	-	-
Long term receivable	114,145	9,975,000	85,235,066	18,139,971
NON-CURRENT ASSETS	403,925,387	379,135,750	444,633,627	348,294,452
Inventories	44,929,839	33,027,315	20,786,103	15,742,902
Trade & other receivables	37,113,392	23,474,461	24,403,908	10,759,231
Current tax receivable	2,538,519	881,662	-	-
Cash and cash equivalents	17,537,971	16,493,209	8,282,865	6,476,368
CURRENT ASSETS	102,119,721	73,876,647	53,472,876	32,978,501
TOTAL ASSETS	506,045,108	453,012,397	498,106,503	381,272,953
EQUITY				
Share capital	2,740,367	2,277,451	2,740,367	2,277,451
Share premium	217,608,759	186,419,988	217,608,759	186,419,988
Retained earnings	48,430,664	100,992,758	110,608,902	113,904,430
Foreign currency translation reserve	2,501,210	(10,156,642)	-	-
Other reserves arising on business combination	(77,551,574)	(162,185,111)	-	-
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY	193,729,426	117,348,444	330,958,028	302,601,869
<i>Non controlling interest</i>	<i>9,261,464</i>	<i>58,803,285</i>	<i>-</i>	<i>-</i>
TOTAL EQUITY	202,990,891	176,151,729	330,958,028	302,601,869
NON CURRENT LIABILITIES				
Borrowings	99,957,248	142,942,565	67,480,769	5,672,992
Retirement benefits obligation	4,782,201	1,496,257	1,813,534	-
Deferred tax	33,943,813	33,385,265	17,659,591	18,900,872
Provisions	4,471,993	3,160,336	809,706	1,210,350
Deferred revenue	730,022	2,133,748	730,022	752,600
Long term liabilities	164,800	4,354,991	-	2,153,969
NON-CURRENT LIABILITIES	144,050,077	187,473,162	88,493,622	28,690,783
CURRENT LIABILITIES				
Trade & other payables	107,577,345	76,846,591	38,994,349	36,693,121
Retirement benefits obligation	9,442	-	-	-
Provisions	1,452,302	1,864,197	1,259,512	1,503,290
Borrowings	2,813,527	2,011,056	8,384,444	4,884,444
Deferred revenue	30,104	234,718	30,104	30,104
Current tax payable	1,679,230	1,268,688	368,109	606,850
Dividend payable	14,887,533	3,828,017	14,887,533	3,828,017
Bank Overdraft	30,554,658	3,334,239	14,730,802	2,434,475
CURRENT LIABILITIES	159,004,140	89,387,506	78,654,853	49,980,301
TOTAL EQUITY AND LIABILITIES	506,045,108	453,012,397	498,106,503	381,272,953

These financial statement was approved and authorised for issue by the board of directors on 28 October 2016 and was signed on its behalf by:



Mr. Mobolaji Balogun
Chairman
FRC/2013/CISN/00000004945



Mr. Bruno Bayet
Chief Finance Officer
FRC/2014/IODN/00000009554

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A. GROUP

	Share capital	Share premium	Retained earnings	Foreign Currency translation reserve	Other reserves arising on business combination	Non-Controlling Interests	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Balance as at January 1, 2015	2,202,088	173,997,568	87,206,392	(1,341,036)	(161,689,548)	75,204,485	175,579,949
Net income for the period January - September 2015	-	-	31,691,010	-	-	671,006	32,362,016
Other comprehensive income / (loss) for the period - net of tax	-	-	(362,664)	(5,494,432)	(13,462,186)	(77,142)	(19,396,424)
Balance as at 30 September 2015	2,202,088	173,997,568	118,534,738	(6,835,468)	(175,151,734)	75,798,349	188,545,541
Net income for the period October - December 2015	-	-	(3,058,632)	-	-	(2,305,111)	(5,363,743)
Other comprehensive income / (loss) for the period - net	-	-	577,811	(3,321,174)	12,966,623	56,990	10,280,250
Dividends	-	-	(16,397,647)	-	-	(176,760)	(16,574,407)
Issue of shares	75,363	12,585,606	-	-	-	-	12,660,969
Share issue expenses	-	(163,186)	-	-	-	-	(163,186)
Acquisition of additional 23.85% of Ashaka NCI	-	-	12,225,899	-	-	(12,225,899)	-
Elimination of Ashaka NCI Share Capital acquired	-	-	(267,072)	-	-	-	(267,072)
Acquisition of additional 15% of UNICEM share capital	-	-	2,344,284	-	-	(2,344,284)	-
Elimination of UNICEM NCI Share Capital acquired	-	-	(12,966,623)	-	-	-	(12,966,623)
Balance as at 31 December, 2015	2,277,451	186,419,988	100,992,758	(10,156,642)	(162,185,111)	58,803,285	176,151,729
Net loss for the period January - September 2016	-	-	(37,657,858)	-	-	255,680	(37,402,178)
Other comprehensive income for the year, net of tax	-	-	-	12,657,852	-	-	12,657,852
Total comprehensive income for the period	-	-	(37,657,858)	12,657,852	-	255,680	(24,744,326)
Dividends	-	-	(14,904,235)	-	-	(58,920)	(14,963,155)
Issue of shares	462,916	30,964,743	-	-	-	-	31,427,659
Share issue expenses	-	224,028	-	-	-	-	224,028
Elimination of ASHAKA NCI Share Capital acquired	-	-	-	-	233,382	(233,382)	-
Elimination of UNICEM NCI Share Capital acquired	-	-	-	-	49,505,199	(49,505,199)	-
Issue of shares for acquisition of 50% equity stake in UNICEM	-	-	-	-	(32,009,475)	-	(32,009,475)
Other eliminations arising from business combination	-	-	-	-	66,904,431	-	66,904,431
Balance as at 30 September 2016	2,740,367	217,608,759	48,430,664	2,501,210	(77,551,574)	9,261,464	202,990,891

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – Cont'd**B. COMPANY**

	Share capital	Share premium	Retained earnings	Total equity
	N'000	N'000	N'000	N'000
Balance as at 1 January, 2015	2,202,088	173,997,568	100,464,682	276,664,338
Net income for the period January - September 2015	-	-	25,956,155	25,956,155
Other comprehensive income / (loss) for the period - net	-	-	(255,312)	(255,312)
Balance as at 30 September 2015	2,202,088	173,997,568	126,165,525	302,365,181
Net income for the period October - December 2015	-	-	3,701,618	3,701,618
Other comprehensive income for the period, net of tax	-	-	434,934	434,934
Dividends	-	-	(16,397,647)	(16,397,647)
Issue of shares	75,363	12,585,606	-	12,660,969
Share issue expenses	-	(163,186)	-	(163,186)
Balance as at 31 December, 2015	2,277,451	186,419,988	113,904,430	302,601,869
Net income for the period January - September 2016	-	-	11,608,707	11,608,707
Total comprehensive income for the period	-	-	11,608,707	11,608,707
Dividends	-	-	(14,904,235)	(14,904,235)
Issue of shares	462,916	30,964,743	-	31,427,659
Share issue expenses	-	224,028	-	224,028
Balance as at 30 September 2016	2,740,367	217,608,759	110,608,902	330,958,028

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

Period ended	Group		Company	
	30/09/2016 N'000	30/09/2015 N'000	30/09/2016 N'000	30/09/2015 N'000
Income from continuing operations	(37,402,403)	32,267,052	11,608,707	25,956,155
Net (loss) / Income from discontinued operations	-	(31,687)	-	-
Profit After Tax	(37,402,403)	32,235,364	11,608,707	25,956,155
Adjustment to reconcile net income to net cash from operating activities:				
Depreciation charged	12,359,051	13,112,994	4,041,611	3,932,913
Loss/(Gains) on disposals	176,328	39,541	-	(1,348)
Write-off of PPE	(940)	-	(940)	-
Finance cost	8,192,129	8,607,492	3,533,323	1,626,833
Investment income	(796,986)	(3,796,730)	(4,122,915)	(2,826,795)
Income taxes	(2,965,447)	4,117,838	(1,241,281)	2,680,174
Changes in working capital	11,970,518	(5,319,854)	(16,689,383)	46,251
Other non cash movements	17,262,953	(1,212,732)	-	-
Share of Income / loss from associate	-	(6,618)	-	-
Net cash used in operating activities before impacts of financial expenses and tax	8,795,204	47,777,296	(2,870,878)	31,414,183
Cash payments for financial expenses	(2,254,735)	(796,811)	(457,159)	(695,763)
Income taxes paid	(203,033)	(1,515,624)	(203,033)	(337,250)
NET CASH GENERATED FROM OPERATING ACTIVITES	6,337,435	45,464,861	(3,531,070)	30,381,170
Purchase/expenditure of PPE	(30,404,882)	(46,534,754)	(1,189,928)	(2,162,979)
Net cash outflow on acquisition of subsidiaries	(112,323)	(10,891,789)	(112,323)	(10,891,789)
Net movement in discountinuing operations	-	(8,164,971)	-	(8,164,971)
Net movement in long term receivables / investment	(1,609,180)	3,585,525	(2,153,969)	2,804,218
Investment income	1,417,506	5,440	144,166	2,703
Proceed from disposal of Assets	2,355	111,703	2,355	-
NET CASH PROVIDED (USED IN) BY INVESTING ACTIVITES	(30,706,524)	(61,888,846)	(3,309,699)	(18,412,818)
Interest paid	(2,640,845)	(7,156,175)	(400,190)	(574,164)
Dividend paid to Equity shareholders of the company	(4,060,828)	(16,397,647)	(4,060,828)	(16,397,647)
Dividend paid to Non Controlling Interest	(58,920)	(176,760)	-	-
Unclaimed dividend received	626,262	-	626,262	-
Transaction cost on shares issued	224,028	(163,186)	224,028	(163,186)
Loans during the year	68,537,916	29,460,305	60,000,000	2,000,000
Intercompany loan during the year	-	-	(59,000,000)	-
Repayment of external borrowings	(64,434,183)	(1,038,334)	(1,038,333)	(1,038,334)
NET CASH PROVIDED (USED IN) BY FINANCING ACTIVITES	(1,806,570)	4,528,202	(3,649,061)	(16,173,331)
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(26,175,658)	(11,895,783)	(10,489,830)	(4,204,979)
Effect of exchange rate changes on the balance of cash held in foreign currencies	-	292,813	-	-
Cash and cash equivalents at beginning of year	13,158,971	19,638,006	4,041,893	1,642,856
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(13,016,687)	8,035,036	(6,447,937)	(2,562,123)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**1. Business description**

Lafarge Africa PLC was incorporated in Nigeria on 26 February, 1959 and commenced business on 10 January 1961. The Company formerly Known as Lafarge Cement WAPCO Nigeria PLC changed its name after a special resolution was passed and voted in favour of by the shareholders at the Annual General Meeting held on Wednesday 9 July 2014. The change of name became effective with the acquisition of shares in Lafarge South Africa Holdings (Proprietary) Limited (LSAH), United Cement Company of Nigeria Limited (Unicem), Ashaka Cem PLC (AshakaCem) and Atlas Cement Company Limited (Atlas).

The Company's corporate head office is situated at 27B Gerrard Road, Ikoyi, Lagos.

Lafarge Africa PLC is in the business of manufacturing and selling of Cement and other cementitious products such as Ready-Mix concrete, Aggregates and Fly-Ash.

On July 15, 2015, Lafarge S.A. France and Holcim Limited, Switzerland joined to create a new company, Lafarge Holcim, Switzerland. The implication of the merger is that Lafarge Africa PLC is now a member of the world's number one building materials company. LafargeHolcim is thus the ultimate controlling parent.

The term 'Group' as used in this report will refer to the Company, its subsidiaries and investment in associates.

Following the acquisition of the remaining 50% equity stake in Egyptian Cement Holding B.V on 27 June, 2016, Lafarge Africa Group comprises the Lafarge Africa PLC, its subsidiaries and indirect subsidiaries listed below:

- *Lafarge Ready Mix Nigeria Limited* which was incorporated in Nigeria as a fully owned subsidiary of Lafarge Africa PLC on 21 December, 2010, and it is in the business of producing ready mix concrete for the construction industry. Its principal office is located at 38 Kudirat Abiola Way, Oregun, Lagos, Nigeria.
- *Ashaka Cement PLC* was incorporated in Nigeria on 7 August 1974 as a private limited company and was converted to a public company on 7 September 1974. Lafarge Africa PLC owns 84.97% interest in AshakaCem PLC.

- *Atlas Cement Company Limited* was incorporated on 24 September 24 1999 and became a subsidiary of Lafarge Africa PLC on 12 September 2014. Lafarge Africa PLC owns 100% of the equity shareholding of Atlas.
- *Lafarge South Africa Holdings (PTY) Limited* (LSAH) is a holding company through which Lafarge S.A. holds interests in several South African entities with significant scale and a balanced portfolio of assets across cement; aggregates; ready-mix concrete and fly ash. Lafarge Africa PLC owns 100% of LSAH, which represents an indirect average holding of 72.40% in the underlying principal operating companies in South Africa, including Lafarge Industries South Africa; Lafarge Mining South Africa and Ash Resources.
- *Egyptian Cement Holding BV* (ECH) is a private limited liability company, having its statutory and business seats in Amsterdam, the Netherlands. It was incorporated under the laws of the Netherlands on 29 December 2005. Holcibel and Lafarge Cement International jointly controlled ECH up to September 2014 with the remaining 30% held by Flour Mills of Nigeria PLC.

Lafarge Cement International sold its holdings in ECH to Lafarge Africa in September 2014, as part of the above mentioned consolidation. Lafarge Africa issued 289.2 million Lafarge Africa shares for the 35% stake in ECH.

Lafarge and Holcim reached an agreement in November 2014 to buy Flour Mills of Nigeria's (FMN) 30% shareholding in ECH in two tranches. The price was affected by the threat of losing the interest to competition. The first 15% was transferred in January 2015 and the second 15% tranche was concluded in September 2015.

- *Nigerian Cement Holding B.V.* (NCH) is a private limited liability company, having its statutory and business seats in Amsterdam, the Netherlands. It was incorporated under the laws of the Netherlands on 28 December 2005. It is a Dutch holding company owned solely by ECH. NCH in turn owns 100% of Unicem.
- *United Cement Company Nigeria Limited* (Unicem) was incorporated in Nigeria on 18 September 2002 as a private limited liability company and is owned by Lafarge Africa PLC through shareholding in ECH, a company which owns 100% equity

investment in NCH. Lafarge Africa PLC increased her indirect shareholding in Unicem from 50% to 100% in June 2016.

The assessment was made that it would be beneficial to consolidate Unicem and its Holding companies under Lafarge Africa, and eventually collapse the complex and tax inefficient ECH/NCH Dutch Holding structure (any future dividend would flow from Nigeria (Unicem) to the Netherlands (NCH, ECH) and then back to Nigeria (Lafarge Africa) to then be paid to the European Holding companies above Lafarge Africa. There is an approval from the 2014 AGM, which allows Lafarge Africa to buy further shares of Unicem or ECH by issuing new Lafarge Africa's share at terms similar to those of the original transaction (i.e. using the same share exchange ratio).

2. Foreign operations

- The assets and liabilities, including goodwill and any fair value adjustments arising on the acquisition of a foreign operation whose functional currency is not Naira, are translated by using the closing rate.
- Income and expenses of a foreign operation, whose functional currency is not the currency of a hyperinflationary economy, are translated by using the average currency rate for the period unless exchange rates fluctuate significantly.
- The exchange differences arising on the translation are recorded in other comprehensive income under "Foreign operation translation adjustment". On the partial or total disposal of a foreign entity with a loss of control, the related share in the cumulative translation differences recorded in equity is recognized in the statement of income.

3. ECH / NCH Not Considered As Foreign Operations

IAS 21 paragraph 8 defines a 'foreign operation' as 'an entity that is a subsidiary...the activities of which are based or conducted in a country or currency other than those of the reporting entity'. This definition would seem to suggest that a foreign operation must have its own 'activities'.

ECH and NCH are intermediate finance subsidiaries whose only function is to hold intercompany loans. Financing activities such as holding bonds payable or investing surplus cash positions are not considered as operating activities.' As ECH and NCH only hold intercompany loans, they therefore do not have any operating activities. Consequently, they are not considered as a foreign operation under IAS 21.

4. Change in functional currency of ECH and NCH

The functional currency of an entity reflects the underlying transactions, events and conditions that are relevant to the entity. Accordingly, once determined, the functional currency can be changed only if there is a change to those underlying transactions, events and conditions.

A change in functional currency should be reported as of the date it is determined that there has been a change in the underlying events and circumstances relevant to the reporting entity that justifies a change in the functional currency. This could occur on any date during the year. When there is a change in an entity's functional currency, the entity applies the translation procedures applicable to the new functional currency prospectively from the date of the change. In other words, all items are translated into the new functional currency using the exchange rate at the date of the change. The resulting translated amounts for non-monetary items are treated as their historical cost. Exchange differences arising from the translation of a foreign operation previously recognized in other comprehensive income are not reclassified from equity to profit or loss until the disposal of the operation.

The functional currencies of ECH and NCH were changed from US Dollar to Nigerian Naira with effect from 1 July, 2016.

5. Conversion of Shareholders' Loans to Equity

5.1. Conversion of shareholders' loans to equity

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

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

5.2. Conversion of shareholders' loans to equity

As at July, 1st 2016, the company has converted a shareholders' loans to an equity instrument for an amount of 493 million USD on which an average interest rate of 6% is payable at the discretion of the company. As per September 30th 2016, the estimated interest payable reached 8,9 million USD.

Should ECH and/or NCH decide to repay its equity (e.g. share premium) that was previously classified as a shareholders' loan payable, then this in substance is equivalent to ECH and/or NCH reacquiring its own equity instruments for cash which will result in no profit or loss impact as confirmed by IAS 32 paragraph 33 as follows:

'If an entity reacquires its own equity instruments, those instruments ("treasury shares") shall be deducted from equity. No gain or loss shall be recognised in profit or loss on the purchase, sale, issue or cancellation of an entity's own equity instruments. Such treasury shares may be acquired and held by the entity or by other members of the consolidated group. Consideration paid or received shall be recognised directly in equity.'

6. Significant Events in the Period

6.1. Ashaka Voluntary Tender Offer

Lafarge Africa held 1,846,588,852 ordinary shares in AshakaCem, representing 82.46% of the equity shareholding of AshakaCem up till Quarter 2, 2016.

Pursuant to Part XII, Section 132 of the Investments and Securities Act of 2007, Lafarge Africa PLC placed a Voluntary Tender Offer for 392,864,273 (representing 17.54% of the issued and paid up capital of AshakaCem) ordinary shares of 50 kobo each in AshakaCem representing an offer for all the other shares in AshakaCem not held by Lafarge Africa. The Offer Shares represented the maximum number of shares that Lafarge Africa will acquire pursuant to the Offer. This was to provide another opportunity to the remaining

minority shareholders of AshakaCem who were unable to participate in the Mandatory Tender Offer (“MTO”) which Lafarge Africa launched in December 2014.

Shareholders, who accepted the Offer, received 57 ordinary shares in Lafarge Africa for every 202 ordinary shares in AshakaCem PLC, so tendered. An additional consideration of N2.00, net of any applicable tax, per every ordinary share tendered and accepted by Lafarge Africa during the acceptance period was made to accepting shareholders.

Thus, Lafarge Africa PLC increased her holding in Ashaka Cement PLC from 82.46% to 84.97% in August 2016. 56,161,661 units of Ashaka shares were converted to Lafarge Africa PLC shares with 15,848,874 units of Lafarge Africa shares issued in respect of this exchange.

6.2. Unicem Debt Refinancing

Subsequent to completion of the refinancing of the local currency (Naira) portion of Unicem’s third party debt using the proceeds of N60 billion Bonds raised at the Lafarge Africa (“LA”) level, and the transfer of the remaining 50% of Unicem’s shareholding from LH Group to LA, there was a significant devaluation of the Naira in June 2016 following a new FX policy by the Central Bank of Nigeria (“CBN”) which essentially floated the exchange rate versus the USD.

At the time of the currency devaluation Unicem’s foreign currency exposure stood at 395m USD, made up of 310m USD shareholder loans and 85mUSD third party bank loans. These loans created an immediate exchange loss impact of N33,8 billion (118,7mUSD) in the books of Unicem which resulted into a negative net income of N25,8 billion (88.2mUSD) at Lafarge Africa level at first half-year 2016.

The increase of Lafarge Africa’s shareholding in Unicem was done after the devaluation, and part of this overall transaction was for LA to take over the 197m USD shareholder loans between NCH and Holderfin (which had been used to finance the purchase of Flour Mill’s shareholding in Unicem). Overall net foreign currency loans for LA by 1st of July 2016 were:

Loans	USD millions
Shareholder Loans LCIBV/Holderfin to Unicem via NCH	209
Shareholder Loans Holderfin to Unicem	101
Shareholder Loans Holderfin to NCH	199
External loans to Unicem	85
FX Exposure	594

6.3. Conversion of Unicem Debt

- The shareholder loans between Holderfin and Unicem were assigned to NCH so that the loan goes from Holderfin to NCH and then onwards to Unicem;
- The functional currency of ECH and NCH was changed from US Dollar to Nigerian Naira.
- As described above, the Shareholder's Loans for an amount of 493 million USD have been converted on 1st July 2016 to equity instruments where the repayment of the principle and the interests are at the sole discretion of the borrower.

7. Other Notes to the accounts

7.1. Trade & other receivables

Other receivables included N2.5b advance to Unicem in the period at 16% per annum for 90 days from August, 2016 with 2% per annum as charge for late payment.

7.2. Trade & other payables

Other payables included N7.0b advance from AshakaCem in the period at 16% per annum for 90 days from August, 2016 with 2% per annum as charge for late payment.