

LAFARGE AFRICA PLC

**NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS
FOR QUARTER 1 AND YEAR TO DATE ENDED 31 MARCH 2017**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	GROUP				COMPANY			
		Q1 - 2017 N'000	Q1 - 2016 N'000	YTD - 2017 N'000	YTD - 2016 N'000	Q1 - 2017 N'000	Q1 - 2016 N'000	YTD - 2017 N'000	YTD - 2016 N'000
Continuing operations									
Revenue	8	81,310,510	52,420,896	81,310,510	52,420,896	28,021,498	23,575,343	28,021,498	23,575,343
Cost of sales	9	(60,416,218)	(44,640,480)	(60,416,218)	(44,640,480)	(17,635,324)	(19,166,011)	(17,635,324)	(19,166,011)
Gross income		20,894,292	7,780,416	20,894,292	7,780,416	10,386,174	4,409,332	10,386,174	4,409,332
Selling and marketing expenses	10	(1,393,925)	(1,219,886)	(1,393,925)	(1,219,886)	(730,570)	(616,999)	(730,570)	(616,999)
Administrative Expenses	11	(6,959,763)	(5,243,223)	(6,959,763)	(5,243,223)	(1,387,940)	(2,707,159)	(1,387,940)	(2,707,159)
Current operating income		12,540,603	1,317,307	12,540,603	1,317,307	8,267,664	1,085,174	8,267,664	1,085,174
Net other operating income / (expenses)		853,188	(1,497,733)	853,188	(1,497,733)	1,603,523	(67,394)	1,603,523	(67,394)
Operating income		13,393,791	(180,426)	13,393,791	(180,426)	9,871,187	1,017,780	9,871,187	1,017,780
Finance income	12	1,201,499	524,139	1,201,499	524,139	4,392,634	481,010	4,392,634	481,010
Finance expense	13	(5,149,238)	(2,559,375)	(5,149,238)	(2,559,375)	(3,905,475)	(378,056)	(3,905,475)	(378,056)
Net finance costs		(3,947,739)	(2,035,236)	(3,947,739)	(2,035,236)	487,159	102,954	487,159	102,954
Income before tax		9,446,052	(2,215,662)	9,446,052	(2,215,662)	10,358,346	1,120,734	10,358,346	1,120,734
Tax credit / (charge)	14	(4,284,966)	342,664	(4,284,966)	342,664	(3,469,807)	101,663	(3,469,807)	101,663
NET INCOME		5,161,086	(1,872,998)	5,161,086	(1,872,998)	6,888,539	1,222,397	6,888,539	1,222,397
<i>of which attributable to:</i>									
Owners of the parent Company		4,836,600	(843,572)	4,836,600	(843,572)	6,888,539	1,222,397	6,888,539	1,222,397
Non- controlling interests (Minority Interest)		324,486	(1,029,426)	324,486	(1,029,426)	-	-	-	-
NET INCOME		5,161,086	(1,872,998)	5,161,086	(1,872,998)	6,888,539	1,222,397	6,888,539	1,222,397
Other comprehensive income/(losses) that will not reverse to P&L									
Exchange gain/(loss) on foreign currency translation		9,306,842	4,642,686	9,306,842	4,642,686	-	-	-	-
Total comprehensive income for the period		14,467,928	2,769,687	14,467,928	2,769,687	6,888,539	1,222,397	6,888,539	1,222,397
<i>of which attributable to:</i>									
Owners of the parent Company		14,143,442	3,799,113	14,143,442	3,799,113	6,888,539	1,222,397	6,888,539	1,222,397
Non- controlling interests (Minority Interest)		324,486	(1,029,426)	324,486	(1,029,426)	-	-	-	-
Total comprehensive (loss) / income for the period		14,467,928	2,769,687	14,467,928	2,769,687	6,888,539	1,222,397	6,888,539	1,222,397
EARNINGS PER SHARE (kobo)									
Attributable to the owners of the parent company									
Basic earnings per share		92	(19)	92	(19)	131	35	131	35

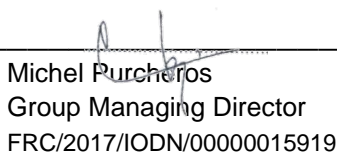
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	GROUP		COMPANY	
		31/03/2017 N'000	31/12/2016 N'000	31/03/2017 N'000	31/12/2016 N'000
ASSETS					
Property, plant and equipment		404,781,388	390,488,541	113,089,373	114,617,300
Intangible assets		1,954,777	1,563,499	-	-
Investment in subsidiaries	15	-	-	243,912,700	243,891,263
Investment in joint venture		88,787	89,551	73,133	73,133
Available for sale financial assets		9,827	5,928	-	-
Other assets		800,565	4,182,933	-	-
Other financial assets	16	-	-	113,448,815	91,732,574
Deferred tax asset		2,560,571	7,641,003	-	-
Restricted cash	19	-	175,890	-	-
NON-CURRENT ASSETS		410,195,915	404,147,345	470,524,021	450,314,270
Inventories	17	50,577,679	44,530,832	25,061,207	22,564,828
Trade & other receivables	18	24,552,560	25,801,379	21,460,224	21,451,612
Other assets		3,521,848	2,510,371	1,497,465	1,078,113
Other financial assets	16	212,006	6,235,902	2,500,000	34,535,538
Cash and cash equivalents	19	34,699,813	19,265,076	9,123,969	7,653,851
CURRENT ASSETS		113,563,906	98,343,560	59,642,865	87,283,942
TOTAL ASSETS		523,759,821	502,490,905	530,166,886	537,598,212
EQUITY					
Share capital		2,740,367	2,740,367	2,740,367	2,740,367
Share premium		217,491,706	217,528,456	217,491,706	217,528,456
Retained earnings		107,679,486	102,842,886	126,713,859	119,825,320
Foreign currency translation reserve		646,356	(8,660,486)	-	-
Other reserves arising on business combination		(256,899,951)	(256,899,951)	-	-
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY		71,657,964	57,551,272	346,945,932	340,094,143
<i>Non controlling interest</i>		<i>191,725,762</i>	<i>191,401,276</i>		
TOTAL EQUITY		263,383,726	248,952,548	346,945,932	340,094,143
NON CURRENT LIABILITIES					
Borrowings	20	74,894,307	68,046,853	63,008,154	64,014,218
Deferred tax liabilities		-	-	21,307,502	18,031,333
Provisions		5,738,553	2,448,365	579,158	563,468
Deferred revenue		717,479	1,554,673	717,479	722,496
Employee benefits obligation		2,228,849	3,780,162	1,588,855	1,580,307
Other long-term liabilities		1,918,821	1,720,963	-	-
NON-CURRENT LIABILITIES		85,498,009	77,551,016	87,201,148	84,911,822
CURRENT LIABILITIES					
Trade & other payables	21	89,918,596	100,808,366	20,423,373	40,094,240
Borrowings	20	30,878,414	36,487,846	37,109,478	42,366,463
Provisions		2,329,747	1,176,910	1,346,169	841,526
Deferred revenue		183,703	234,718	30,104	30,104
Current tax payable		1,729,719	824,627	557,262	363,625
Dividends		13,459,412	13,459,412	13,459,412	13,459,412
Bank Overdraft	19	36,378,494	22,995,462	23,094,008	15,436,877
CURRENT LIABILITIES		174,878,085	175,987,341	96,019,806	112,592,247
TOTAL EQUITY AND LIABILITIES		523,759,821	502,490,905	530,166,886	537,598,212

This financial statement was approved and authorized for issue by the board of directors on 20 April 2017 and was signed on its behalf by:



Mobolaji Balogun
Chairman
FRC/2013/CISN/00000004945



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



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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Group	Share capital	Share premium	Retained earnings	Foreign currency translation reserve	Other reserves arising on business combination	Total	Non - controlling interests	Total equity
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'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 period 1 January - 31 March 2016			(843,572)			(843,572)	(1,029,426)	(1,872,998)
Exchange differences on translating foreign operations				4,642,686		4,642,686		4,642,686
Share of exchange differences from translation of foreign joint venture						-		-
Other reserves arising from business combination under common control **						-		-
Total comprehensive income for the period ended 31 march 2016	-	-	(843,572)	4,642,686	-	3,799,113	(1,029,426)	2,769,687
Balance at 31 March 2016	2,277,451	186,419,988	100,149,186	(5,513,955)	(162,185,111)	121,147,558	57,773,859	178,921,417
Profit for the period 1 April - 31 December 2016			17,439,567			17,439,567	1,332,212	18,771,779
Remeasurement gain of defined benefit obligation, net of tax			158,366			158,366		158,366
Exchange differences on translating foreign operations				(3,146,531)		(3,146,531)		(3,146,531)
Dividends	-	-	(14,904,233)			(14,904,233)	(58,920)	(14,963,153)
Issue of shares	214,513	31,661,202	-			31,875,715	-	31,875,715
Share issue costs	-	(304,331)	-			(304,331)	-	(304,331)
Bonus shares issued	248,403	(248,403)				-		-
2.51% of Ashaka equity taken over					330,630	330,630	(1,330,490)	(999,860)
50% of ECH equity taken over					(95,045,470)	(95,045,470)	133,684,615	38,639,145
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
Profit for the period 1 January - 31 March 2017			4,836,600			4,836,600	324,486	5,161,086
Exchange differences on translating foreign operations				9,306,842		9,306,842		9,306,842
Share premium expense		(36,750)				(36,750)		(36,750)
Balance at 31 March 2017	2,740,367	217,491,706	107,679,486	646,356	(256,899,951)	71,657,964	191,725,762	263,383,726

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – Cont'd

Company	Share capital N'000	Share premium N'000	Retained earnings N'000	Total equity N'000
Balance at 1 January, 2016	2,277,451	186,419,988	113,904,430	302,601,869
Profit for the period 1 January - 31 March 2016			1,222,397	1,222,397
Other comprehensive income for the year, net of tax			-	-
Total comprehensive income for the period ended 31 March 2016	-	-	1,222,397	1,222,397
Balance at 31 March 2016	2,277,451	186,419,988	115,126,827	303,824,266
Profit for the period 1 April - 31 December 2016			19,555,951	19,555,951
Other comprehensive income for the year, net of tax			46,775	46,775
Dividends			(14,904,233)	(14,904,233)
Issue of shares	214,513	31,661,202		31,875,715
Share issue costs		(304,331)		(304,331)
Bonus shares issued	248,403	(248,403)		-
Balance at 31 December 2016	2,740,367	217,528,456	119,825,320	340,094,143
Profit for the period 1 January - 31 March 2017			6,888,539	6,888,539
Other comprehensive income for the year, net of tax			-	-
Total comprehensive income for the period ended 31 March 2017	-	-	6,888,539	6,888,539
Share premium expense		(36,750)		(36,750)
Balance at 31 March 2017	2,740,367	217,491,706	126,713,859	346,945,932

CONSOLIDATED STATEMENT OF CASH FLOWS

Period ended	Group			Company		
	31/03/2017 N'000	31/03/2016 N'000	31/12/2016 N'000	31/03/2017 N'000	31/03/2016 N'000	31/12/2016 N'000
Profit/(loss) before Tax	9,446,052	(2,215,662)	(22,818,718)	10,358,346	1,120,734	19,888,762
Adjustment to reconcile net income to net cash from operating activities:						
Depreciation & Amortisation charged	5,190,884	3,747,223	15,996,754	1,366,331	1,316,288	5,170,285
Loss/(Gains) on disposals	(2,366,990)	1,457	1,102	(2,366,990)	(590)	(1,045)
Assets written down	396,799	-	1,025,192	396,799	-	1,025,192
Finance cost	5,149,238	2,559,375	15,504,072	3,905,475	378,056	6,742,176
Net unrealised exchange loss/(gain)	617,243	627,373	5,997,725	400,789	67,984	659,952
Finance & investment income	(1,201,499)	(524,139)	(3,663,774)	(4,392,634)	(481,010)	(7,608,863)
Movement in other current liabilities	4,443,025	-	1,767,514	-	-	(4,160,349)
Changes in working capital	(13,077,591)	7,157,643	3,488,633	9,781,633	2,107,228	(47,725,842)
Net cash used in operating activities before impacts of financial expenses and tax	7,708,952	11,353,269	17,298,500	19,965,065	4,508,690	(26,009,732)
Cash payments for financial expenses	-	(307,294)	-	-	(43,217)	-
Employee Benefits paid	-	-	(5,762,477)	-	-	(4,654,067)
Income taxes paid	-	(64,638)	(872,808)	-	-	(243,225)
NET CASH GENERATED FROM OPERATING ACTIVITIES	7,708,952	10,981,338	10,663,215	19,965,065	4,465,473	(30,907,024)
Purchase/expenditure of PPE & Intangible Assets	(9,092,731)	(11,162,919)	(41,528,540)	(455,415)	(488,280)	(2,562,936)
Net movement in long term receivables / investment	-	-	-	-	-	-
Investment income	39,317	341,037	3,676,300	21,358	34,676	7,608,863
Proceed from disposal of assets	1,792,326	15,674	373,325	1,792,326	-	2,460
NET CASH PROVIDED (USED IN) BY INVESTING ACTIVITIES	(7,261,088)	(10,806,209)	(37,478,915)	1,358,269	(453,604)	5,048,387
Interest paid	-	(34,543)	(15,063,590)	-	(34,543)	(5,871,822)
Dividend paid to Equity shareholders of the company	-	-	(1,444,821)	-	-	(1,444,821)
Dividend paid to Non Controlling Interest	-	-	(58,920)	-	-	-
Net cash outflow on acquisition of subsidiaries	-	-	(112,323)	-	-	(416,654)
Cash paid for investment in JV	-	-	-	-	-	(73,133)
Unclaimed dividend received	-	421,897	-	-	421,897	-
Transaction cost on shares issued	(36,750)	-	(304,331)	(36,750)	-	(304,331)
Loans during the year	1,238,022	12,068,356	13,186,692	(6,263,049)	-	95,163,293
Net movements in other financial assets	873,455	-	9,975,000	(20,842,786)	-	(73,592,603)
Repayment of external borrowings	-	(846,112)	-	-	(846,112)	-
NET CASH PROVIDED (USED IN) BY FINANCING ACTIVITIES	2,074,727	11,609,598	6,177,707	(27,142,585)	(458,758)	13,459,929
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	2,522,591	11,784,727	(20,637,993)	(5,819,251)	3,553,111	(12,398,708)
Effect of exchange rate changes on the balance of cash held in foreign currencies	(470,886)	(300,979)	3,748,637	(367,762)	13,723	573,789
Cash and cash equivalents at beginning of year	(3,730,386)	13,158,971	13,158,970	(7,783,026)	4,041,893	4,041,893
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	(1,678,681)	24,642,719	(3,730,386)	(13,970,039)	7,608,727	(7,783,026)

NOTES TO THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS**1. Significant accounting policies**

The accounting policies and methods followed in the preparation of these financial statements are the same as those used for the year ended 31st December, 2016. The accounting policies adopted, a summary of which is set out below, have been consistently applied to the years presented, unless otherwise disclosed.

2. 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).

3. Investment in Joint Venture

A joint venture (JV) is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

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

Under the equity method, investments in JVs are carried in the Group statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of a JV in excess of the Group's interest in that JV (which includes any long-term interests that, in substance, form part of the Group's net investment in the

JV) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the JV.

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

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

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

4. 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.

	NGN<>ZAR
December 2015 closing rate	12.88
December 2016 closing rate	22.14
March 2016 closing rate	13.39
YTD March 2016 average rate	12.60
March 2017 closing rate	22.90
YTD March 2017 average rate	23.73

5. 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.

6. 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.

7. Conversion of Shareholders' Loans to Equity

7.1. 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.

7.2. 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.'

7.3. 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.

	Group		Company	
	31/03/2017 N'000	31/03/2016 N'000	31/03/2017 N'000	31/03/2016 N'000
8 Revenue				
Cement	67,432,909	41,791,352	28,021,498	23,575,343
Aggregates & Concrete	12,781,208	9,497,098	-	-
Others	1,096,393	1,132,446	-	-
	81,310,510	52,420,896	28,021,498	23,575,343
9 Cost of Sales				
Variable cost	24,800,228	18,957,955	7,353,385	8,707,865
Production fixed cost	7,600,101	5,244,070	1,412,329	1,440,576
Maintenance fixed cost	4,891,647	3,424,153	2,396,773	2,157,096
Distribution fixed cost	14,606,893	11,685,514	4,066,639	4,413,930
Depreciation	6,103,747	3,867,178	1,366,331	1,278,034
General and social costs	2,413,602	1,461,610	1,039,867	1,168,510
	60,416,218	44,640,480	17,635,324	19,166,011
10 Selling & Marketing Expenses				
Advertising expenses	116,625	266,885	116,625	266,885
Campaign and innovation expenses	59,276	55,265	59,276	55,265
Other selling and marketing expenses	1,218,024	897,736	554,669	294,849
	1,393,925	1,219,886	730,570	616,999
11 Administrative Expenses				
Administrative expenses	4,570,571	2,985,671	527,105	1,658,116
Depreciation	183,112	116,015	22,415	38,341
Technical fee	2,206,080	2,141,537	838,420	1,010,702
	6,959,763	5,243,223	1,387,940	2,707,159

	Group		Company	
	31/03/2017 N'000	31/03/2016 N'000	31/03/2017 N'000	31/03/2016 N'000
12 Finance Income				
Interest received on current accounts	98,032	26,918	21,425	16,815
Short term fixed deposits	266,026	351,782	266,025	63,403
Interest on loan receivable	837,441	145,439	4,105,184	400,792
	1,201,499	524,139	4,392,634	481,010
13 Finance Expense				
Interest on borrowings	4,262,826	2,114,281	3,130,804	210,942
Other financial expenses	886,412	445,094	774,671	167,114
	5,149,238	2,559,375	3,905,475	378,056
14 Income tax (Income) / Expense				
Current tax	1,298,446	(236,452)	193,637	-
Deferred tax	2,870,194	(106,212)	3,159,844	(101,663)
Capital Gain Tax	116,326	-	116,326	-
	4,284,966	(342,664)	3,469,807	(101,663)

15 Investment in subsidiaries

	Place of Incorporation	Proportion	Company
			31/3/2017 Cost N'000
31 March, 2017		%	
Lafarge Ready Mix Nigeria Limited	Nigeria	100.00	50,000
Atlas Cement Company Limited.	Nigeria	100.00	2,150,944
Egyptian Cement Holdings	Nigeria	100.00	65,116,492
Lafarge South Africa Holdings (PTY) Limited	South Africa	100.00	118,141,539
Ashaka Cement PLC	Nigeria	84.97	58,432,288
			243,891,263
31 December, 2016		%	N'000
Lafarge Ready Mix Nigeria Limited	Nigeria	100.00	50,000
Atlas Cement Company Limited.	Nigeria	100.00	2,150,944
Egyptian Cement Holdings	Nigeria	100.00	65,116,492
Lafarge South Africa Holdings (PTY) Limited	South Africa	100.00	118,141,539
Ashaka Cement PLC	Nigeria	84.97	58,432,288
			243,891,263

16 Other financial assets

	Group		Company	
	31/03/2017 N'000	31/03/2016 N'000	31/03/2017 N'000	31/03/2016 N'000
Non- current	-	-	113,448,815	91,732,574
Current	212,006	6,235,902	2,500,000	34,535,538
	212,006	6,235,902	115,948,815	126,268,112
Loan to related companies	-	2,541,522	38,423,949	45,611,070
Bond issued	-	-	60,000,000	60,000,000
Loan receivable from NCH	-	-	17,524,866	16,967,025
Fair value change on Non-DeliverableFutures	-	3,580,378	-	3,580,378
Other receivables	212,006	114,002	-	109,639
	212,006	6,235,902	115,948,815	126,268,112

17 Inventories

Raw materials	9,233,275	6,896,112	3,013,887	3,981,719
Work-in-progress	631,149	1,749,043	105,982	166,238
Finished goods	14,456,183	13,092,735	5,611,631	4,915,443
Spare parts	21,793,134	18,152,316	13,257,462	11,066,682
Other supplies	4,463,938	4,640,626	3,072,245	2,434,746
	50,577,679	44,530,832	25,061,207	22,564,828

18 Trade and other receivables

	Group		Company	
	31/03/2017 N'000	31/03/2016 N'000	31/03/2017 N'000	31/03/2016 N'000
Trade receivables				
Third party sales	4,714,922	7,672,334	965,066	1,024,896
Related party sales	-	-	1,162,796	895,092
Allowance for doubtful trade receivables	(95,548)	(95,548)	(71,860)	(71,860)
	4,619,374	7,576,786	2,056,002	1,848,128
Other receivables				
Advance payments to suppliers	9,429,844	9,947,715	2,549,852	2,756,486
Related companies	5,246	874,251	16,270,147	16,192,680
Accrued interest receivable	12,189	212,181	-	-
Unutilised letters of credit	6,316,684	5,607,672	-	-
Sundry debtors	467,395	473,845	-	-
Other current receivables	3,721,128	1,125,284	584,223	654,318
LT Reseavable (South Africa)	4,504	7,449	-	-
Allowance for other doubtful receivables	(23,804)	(23,804)	-	-
	19,933,186	18,224,593	19,404,222	19,603,484
	24,552,560	25,801,379	21,460,224	21,451,612

19 Cash and cash equivalents

	Group		Company	
	31/03/2017 N'000	31/03/2016 N'000	31/03/2017 N'000	31/03/2016 N'000
Restricted cash		175,890		
Cash at banks and on hand	34,699,813	19,265,076	9,123,969	7,653,851

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

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

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

Cash at banks and on hand	34,699,813	19,265,076	9,123,969	7,653,851
Bank overdrafts	(36,378,494)	(22,995,462)	(23,094,008)	(15,436,877)
	(1,678,681)	(3,730,386)	(13,970,039)	(7,783,026)

20 Borrowings

Non- current liability	74,894,307	68,046,853	63,008,154	64,014,218
Current liability	30,878,414	36,487,846	37,109,478	42,366,463
	105,772,721	104,534,699	100,117,632	106,380,681

Split into:

Power Fund	8,794,828	6,332,944	5,326,880	6,332,944
Bond	59,065,718	59,065,718	59,065,718	59,065,718
Loan from Caricement B.V.	7,186,497	197,925	1,218,094	197,925
Tripartite Guarantee				
FBN Promissory Notes		4,364,958		4,364,958
Related party loan	27,671,849	27,531,899	34,506,940	33,919,136
Preference share loans	3,053,829	1,751,574		
Shareholders' loans				
Bank loans		5,289,681		2,500,000
	105,772,721	104,534,699	100,117,632	106,380,681

21 Trade and other payables

	Group		Company	
	31/03/2017 N'000	31/03/2016 N'000	31/03/2017 N'000	31/03/2016 N'000
Trade payables				
Trade payables	45,117,211	50,471,370	4,523,907	14,225,759
Technical fee	7,667,635	9,885,443	6,710,149	5,871,729
Trade payables	52,784,846	60,356,813	11,234,056	20,097,488

Other payables

Customers' deposits	10,108,240	12,862,579	4,623,607	6,041,157
Related companies	21,287,465	12,300,754	921,680	1,827,377
Withholding tax payable	1,364,360	2,337,552	500,977	946,439
Value added tax payable	1,429,898	1,656,297	1,316,294	1,184,889
Accrued interest	1,442,887	1,185,234	1,336,171	1,159,031
Other employee costs	157,940	517,903	157,940	268,372
Advance rent received	2,313	1,887	2,313	1,887
Professional fees	103,069	386,625	78,063	106,962
Accruals	1,160,731	7,455,509	252,272	8,264,138
Tripartite Guarantee	-	196,500	-	196,500
Sharebased payment	76,847	74,310	-	-
Other creditors	-	1,476,403	-	-
Other payables	37,133,750	40,451,553	9,189,317	19,996,752

Trade and other payables	89,918,596	100,808,366	20,423,373	40,094,240
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