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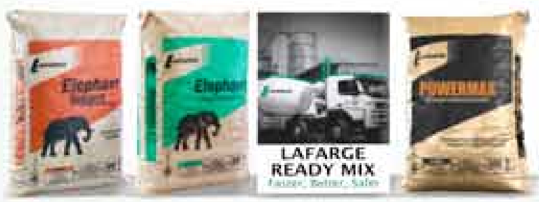
Lafarge has been contributing to the development of Nigeria for over fifty years. We put values at the forefront of the way we do business: health and safety, environmental protection, people development, corporate governance and social responsibility.

A world leader in building materials, our innovative solutions provide cities with more housing, making them more compact, more durable, more beautiful and better connected.



LAFARGE
Building better cities ™

1

PROFILE PRESENTATION

LAFARGE WAPCO: CORPORATE PROFILE

Overview of a Lafarge plant - Operational excellence is a key driving factor.

Lafarge Cement WAPCO Nigeria Plc, a foremost building solutions provider in Nigeria is a subsidiary of Lafarge SA, the world's largest cement manufacturer and leader in building materials with presence in 62 countries. Lafarge WAPCO is driving excellence in Nigeria's building industry by placing innovation at the heart of its priorities, and striving to build better cities through sustainable construction and architectural creativity.

Lafarge WAPCO has three plants (one in Sagamu and two in Ewekoro) with a current production capacity of 4.5 million metric tonnes. The Company's desire to increase the availability of cement to Nigerians and support the Federal Government's drive for affordable housing for all has been its propelling force. Consequently, Lafarge WAPCO has made immense investments in supporting Nigeria's socio-economic development.

Over the years, Lafarge WAPCO has acquired strategic visible presence in the business environment whilst building a visible and enduring legacy on the nation's individual landscape. The Company continues to have tremendous positive impact on its numerous stakeholders: Communities, Customers, Shareholders and Employees.

Lafarge WAPCO is known for putting values at the forefront of the way it does business. Hence, the principles of Health and Safety, People Development, Corporate Governance, Customer Care/ Market Orientation, Corporate Social Responsibility, Performance, Value Creation, Respect for Employees and Local Culture, Environmental Protection, Conservation of Natural Resources and Energy constitute the hallmark of our business operation.

As a result of its take-over of Blue Circle Industries Plc, U.K in July 1 2001, Lafarge SA of France became the majority shareholder in WAPCO, culminating in the change of name from West African Portland Cement Plc to Lafarge Cement WAPCO Nigeria Plc in February 2008. With the acquisition, WAPCO has integrated into the Lafarge culture, implementing process re-engineering and imbibing Lafarge's Best Practices.

OUR BRANDS

Elephant Cement

More than five decade-old formidable brand of impeccable standard and quality; Elephant Cement backs solution provision with power, maturity, resilience, durability and reliability, which explains why it has consistently won the NIS Certificate for product quality by the Standards Organization of Nigeria (SON) for over two decades. The Elephant brand has helped to build that edifice, brought that monumental project to life, created that serene atmosphere and positively impacted the lives of Nigerians socio-economically. Some of the visible landmarks of Elephant Cement in the areas of developmental projects include:

- The National Assembly Complex, Abuja.
- The Federal Secretariat, Abuja.
- Shell Trustees Residential Estate, Abuja.
- The Stallion Estate, Abuja.
- Third Mainland Bridge, Lagos.
- Nigeria Police Force Headquarters, Lagos.
- MKO Abiola Gardens, Lagos.
- NITEL Building, Lagos.
- Niger House, Lagos.
- Airport Hotel, Lagos.
- Cocoa House, Ibadan.
- Premier Hotel, Ibadan.

Supaset Cement

Supaset Cement is cement specifically formulated to meet the requirements of the block making and precast segment of the construction industry in Nigeria. The solution driven brand was borne out of profound customer research and desire to satisfy the need of this segment of the industry for specialized cement. Elephant Supaset combines three key value propositions of Early Setting, Early Strength and the unique Latter Strength for which our flagship Elephant Cement has been known for over the years.

Powermax

Powermax cement is Premium Technical cement that combines excellent strength performance at all ages with versatility and enhanced durability benefits. Its characteristics of superior workability and good early strength, in particular, positions the brand as the effective solution to the productivity demands of large construction projects while also satisfying the needs of homeowner building projects.

Sulphate Resisting Cement (SRC)

Developed to provide high sulphate resistance and a moderate heat of hydration. This specialized cement is used to reduce damage to concrete, mortar and grout that are exposed to sulphate attack, minimize the risk of alkali silica reaction, and for marine concrete. It has the benefits of excellent durability, high, early and final strength, and low alkali.

Readymix

Readymix is concrete mixed to project specifications and delivered to construction sites when needed. A product of Lafarge Nigeria's commitment to innovation, the solution is specifically designed to meet construction needs.

Lafarge WAPCO remains the only cement and concrete company in Nigeria, with unique brands tailored towards addressing the specific needs of various customer segments: Elephant Cement, Elephant Supaset, Powermax, SRC and Readymix. The cement giant has demonstrated that its skills and technical resources are deployed to achieve effectiveness in meeting all building needs, a tradition it has practiced for over 50 years.

Selling palletized cement at Key Distributor outlets.

LAFARGE'S COMMITMENT TO BUILDING BETTER CITIES IN NIGERIA

Nigeria offers great potential for construction due to the rapid population growth and urbanisation, thereby generating large needs for housing, infrastructure and construction, in addition to the financial capacities to fund this growth. Our operations started with Cement in 2001 with the acquisition of Blue Circle. Today, Lafarge in Nigeria has 8.5 metric tonnes (mmt) production capacity, comprising 4.5 MMT in Lafarge WAPCO (Ogun State), 1 MMT in Ashaka (Gombe State), 2.5 MMT in Unicem (Cross Rivers State) and 0.5 MMT in Atlas (Rivers State).

Lafarge in Nigeria's Concrete operations started in 2011 with Lafarge Readymix Nigeria Limited, a subsidiary of Lafarge Wapco with

Governor of Osun State, His Excellency, Ogbeni Rauf Aregbesola and MD/CEO Lafarge WAPCO, Joe Hudson upon receiving the Most Socially Responsible Company in Nigeria award during the SERA Awards in September 2013.

the objective of providing quality concrete solutions designed to meet the specific needs of today's builders. Readymix leverages on Lafarge Wapco's 50 years of experience in innovative concrete solutions. Today, Readymix Nigeria has 4 plants and is growing rapidly.

We are committed to innovative solutions that provide cities in Nigeria with more housing, making them more compact, more durable, more beautiful and better connected.

Lafarge in Nigeria is growing in a sustainable way and building on strong values, which include: health and safety, environmental protection, corporate governance (Ethics) and social responsibility (in the areas of infrastructures, education, healthcare facilities, youth empowerment, and agricultural aid).

We put these values at the forefront of the way we do business while we develop a highly competent workforce to operate our plants and businesses, through intensive training and exchange programmes.

More importantly, we continuously seek to create more value for our customers, providing them with the highest quality products and solutions. In Nigeria, our well-known brands, Elephant, Ashaka and Atlas, stand for high quality and resistant cement. Consistent, long term strength is a particular feature of our products all over the country.

In addition to providing products, our strategy is to provide technical assistance to our customers when required. Lafarge enjoys doing business in Nigeria, and will continually invest in the Nigerian economy whilst building on our values to make the best cement and concrete available in all parts of the country - not just the best solutions, but our building expertise as well. We do all these to achieve our goal of Building Better Cities.

EVP Operations/Country CEO Lafarge Nigeria & Benin Republic, Guillaume Roux with Chairman, Lafarge Cement WAPCO, Chief Olusegun Osunkeye at an event.

THE LAFARGE ADVANTAGE

Lafarge Research Centre, Lyon.

THE LAFARGE ADVANTAGE

Created in 1833, Lafarge is the world leader in building materials, with top-ranking positions in three of its activities: No. 1 worldwide in Cement, No. 2 worldwide in Aggregates & Concrete, and No. 3 worldwide in Gypsum.

Located in 62 countries with 64,000 employees, Lafarge is a world leader in building materials, with top-ranking positions in its Cement, Aggregates & Concrete businesses.

In 2013, Lafarge posted sales of 15.1 billion euros.

For the second year in a row, Lafarge ranked amongst the top 10 of 500 Companies evaluated by the "Carbon Disclosure Project" in recognition of their strategy and actions against global warming. The Lafarge Technical Centre in Lyon, Paris which is the world's leading building materials research facility, attests that Lafarge places innovation at the heart of its priorities, working for sustainable construction and architectural creativity.

The core values include health and safety as first priority, commitment to respect, care and excellence as well as commitment to be ranked among the World's most effective industrial groups in terms of environmental protection, social responsibility and corporate governance

To make advances in building materials, Lafarge places the customer at the heart of its concerns. It offers the construction industry and the general public innovative solutions bringing greater safety, comfort and quality to their everyday surroundings.

Lafarge's long-term presence in the business, its high degree of vertical integration and advance in product research and innovation gives the Company a competitive advantage in terms of product quality and consistency, product differentiation as well as allowing stronger operational efficiencies.

The business model focuses on achieving excellence in local management while capitalizing on best practices developed throughout the world.

PRESENCE IN AFRICA

With the acquisition of West African Portland Cement Plc (WAPCO), AshakaCem Plc (Ashaka), Atlas Cement (Port Harcourt) and a substantial stake in Unicem (Calabar), Lafarge holds a leadership position in the Nigerian cement industry with investment in Companies that have a total production capacity of about 8.5 million metric tonnes per annum. Lafarge has significant presence in Africa with over 25 years' experience: 13 cement plants and 5 grinding stations spread over 10 countries:

Lafarge Advantage - Focused attention to quality.

Benin, Nigeria, Cameroun, Uganda, Kenya, Tanzania, Malawi, Zambia, Zimbabwe and South Africa which are strategically located with facilities for exports to other African countries.

INNOVATION

With an annual R&D budget exceeding 170 million euros, the largest building materials laboratory in the world and more than 1,300 employees in R&D and Technical programme, innovation is undoubtedly one of the driving forces in Lafarge's strategy. Lafarge also has formal partnerships with some of the world's best research teams and universities in Europe, the United States and Asia (MIT, Berkely, CNRS, etc).

COMMITMENT TO SUSTAINABLE DEVELOPMENT

For many years, Lafarge has been committed to a deliberate strategy of sustainable development that combines industrial know-how with performance, value creation, respect for employees and local cultures, environmental protection and the conservation of natural resources and energy. The Company is committed to progress and attentive to the ever-changing needs of local communities, contributing to the improvement of the quality of lives by setting up development programs in the key areas of healthcare, shelter, education and youth empowerment in a sustainable manner.

Lafarge has set firm targets to make its business more sustainable and contribute more positively to social and economic development of the local communities. The Sustainability Ambitions 2020 plan articulates additional programs (both international and local) which are organized around 34 ambitions and based on the following three pillars to establish Lafarge as a leading sustainability company across the globe.

Building Communities

- Health and Safety – Zero fatalities and eliminated LTIs for employees and contractors
- Diversity – 35% of senior management positions to be held by women
- Volunteer Working – 1,000,000 volunteer hours per year

Building the Circular Economy

- Local Job Creation – 75% of country operations to implement a plan for local job creation
- Affordable Housing – 2,000,000 people to have access to affordable and sustainable housing
- Sustainable Products and Services – 3 Billion Euro target for new sustainable solutions, products and services

Building Sustainably

- CO_2 Emissions – 33% reduction of our CO_2 emissions per ton of cement
- Non-Fossil Fuels – 50% use of non-fossil fuels in our cement plants
- Reused and Recycled Materials – 20% of our concrete to contain reused or recycled materials

BUILDING CONSISTENCY IN THE NIGERIAN MARKET

Lafarge WAPCO stands to enjoy high value creation from Lafarge as the Group introduces a turning point to display customer orientation, technical excellence and innovation from its branding platform.

A benefit of being part of Lafarge is that our shareholders can expect good return on investments from a better managed organization and feel proud to be part of a global brand leader.

Customers can also look forward to development and technical trainings, as well as wider access to information through the Lafarge Group's intranet and personal interactions. Our communities also benefit from best practices on environment, community relations and social responsibility.

A world class distributor system is the key to Lafarge operations worldwide.

LAFARGE PROFILE

KEY FIGURES
(at December 31, 2013)

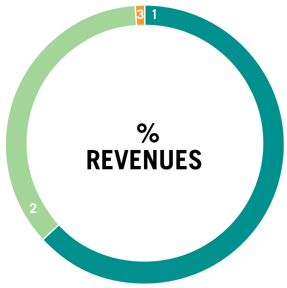
62
countries

64,000
employees

15,198
revenues
in million euros

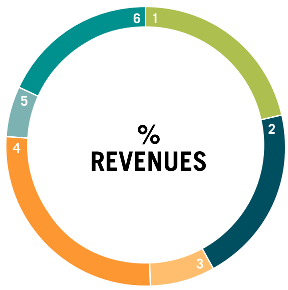
1,636
production sites

GROUP REVENUES BY ACTIVITIES
(at December 31, 2013)



1. Cement	63.5%
2. Aggregates and concrete	35.9%
3. Other	0.6%

GROUP REVENUES BY GEOGRAPHIC AREA
(at December 31, 2013)



1. Western Europe	21.4%
2. North America	20.6%
3. Central and Eastern Europe	7.5%
4. Middle East and Africa	26.9%
5. Latin America	5.7%
6. Asia	17.9%

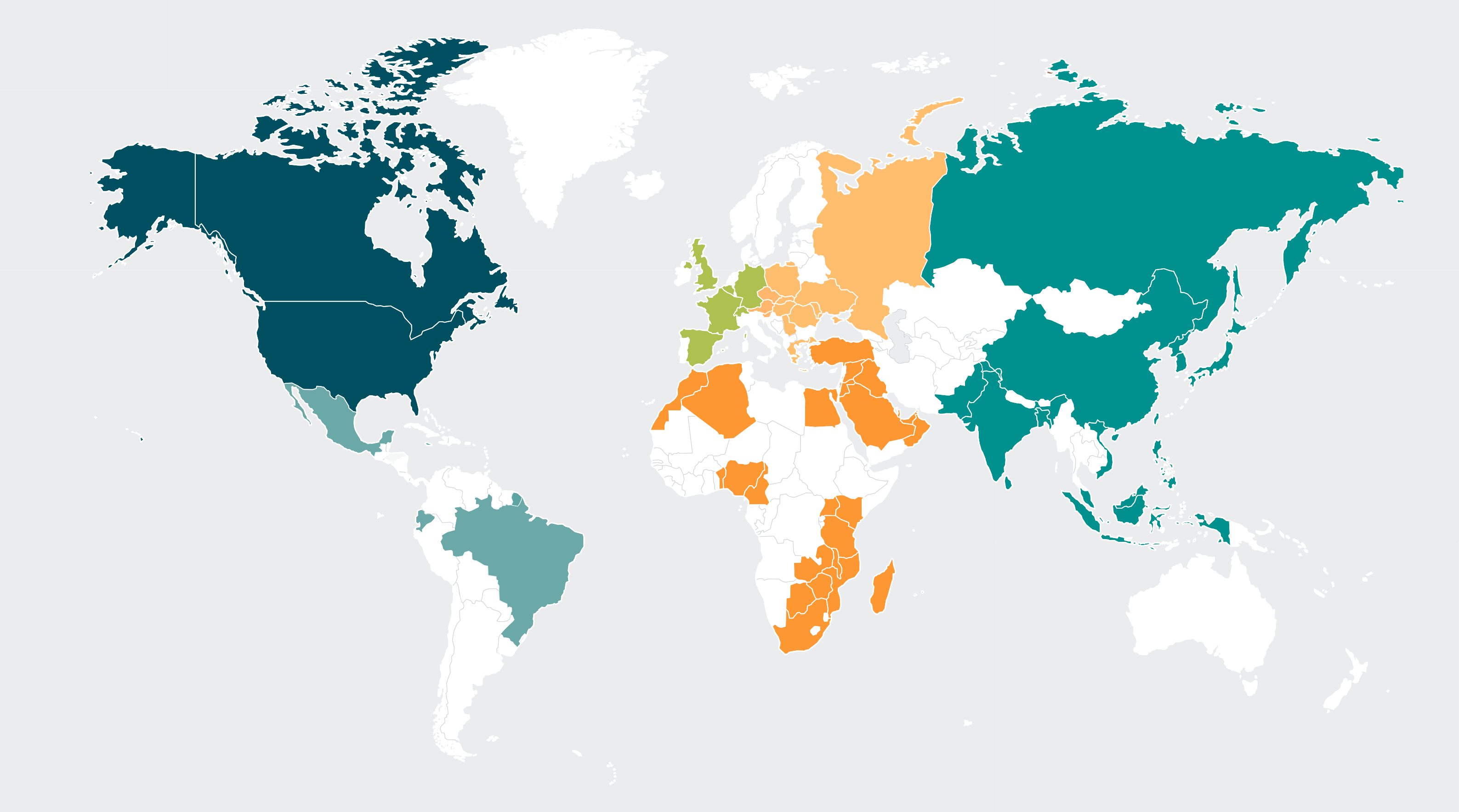
NET INCOME GROUP SHARE

601 M€

1

LAFARGE WORLDWIDE (December 31, 2013)

Western Europe
North America
Central and Eastern Europe
Middle East and Africa
Latin America
Asia



World map of Lafarge's presence as of December 31, 2013 (plants and sales offices).

CEMENT WORLD LEADER

56 countries

38,000 employees

9,657 revenues *in million euros*

155 production sites

N°2 AGGREGATES & N°4 CONCRETE

37 countries

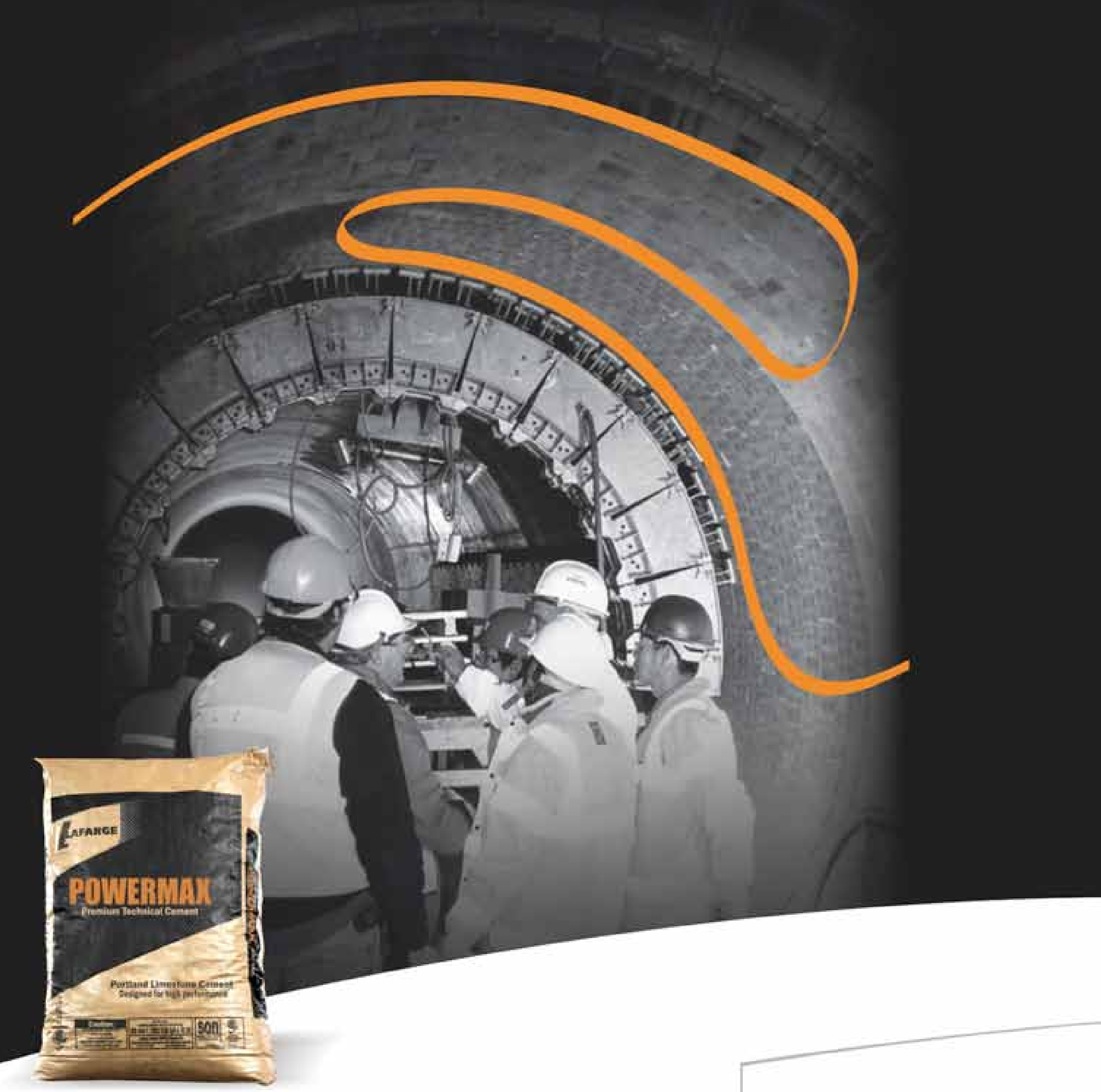
25,000 employees

5,451 revenues *in million euros*

1,481 production sites

LAFARGE POWERMAX

Premium Technical Cement



Designed for high performance

- Excellent strength at all ages
- Lower heat of hydration
- Consistent quality
- Available in bulk and bag

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Customer Care Line. +234-1-9502554, +234-1-7730747

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CORPORATE GOVERNANCE

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 55th Annual General Meeting of Lafarge Cement Wapco Nigeria PLC will be held on Wednesday, 9th July 2014, at City Hall, Catholic Mission Street, Lagos Island at 10:00am to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the period ended 31st December, 2013 and the reports of the Directors, Auditors and Audit Committee thereon.

2. To declare a dividend.

3. To elect/re-elect Directors.

4. To authorise the Directors to fix remuneration of the Auditors.

5. To elect members of the Audit Committee.

SPECIAL BUSINESS

RESOLUTION 1- ACQUISITION OF SHARES IN LAFARGE SOUTH AFRICA HOLDINGS (PTY) LIMITED

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution, subject to such regulatory approvals as may be required:

That the Company be and is hereby authorised to acquire an equity interest in Lafarge South Africa Holdings (Pty) Limited by acquiring 33,823,992 ordinary shares in Lafarge South Africa Holdings (Pty) Limited held by Financiere Lafarge SAS, which ordinary shares represent 100% of the issued share capital of Lafarge South Africa Holdings (Pty) Limited, in exchange for which the Company will pay an amount in cash of US$ 200 million and issue between 724,758,803 and 740,799,743 ordinary shares to Financiere Lafarge SAS.

RESOLUTION 2 - ACQUISITION OF AN INTEREST IN UNITED CEMENT COMPANY OF NIGERIA LIMITED THROUGH EGYPTIAN CEMENT HOLDINGS B.V.

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution, subject to such regulatory approvals as may be required:

That the Company be and is hereby authorised to acquire an equity interest in Egyptian Cement Holdings B.V. by acquiring 91 ordinary shares in Egyptian Cement Holdings B.V., held by Lafarge Cement International B.V., which ordinary shares represent 50% of that company and an indirect interest of 35% of the issued share capital of United Cement Company of Nigeria Limited ("Unicem"), in exchange for which the Company will issue 289,222,996 ordinary shares to Lafarge Cement International B.V. and be authorised to acquire such additional shares of Egyptian Cement Holdings B.V. and/or Unicem as the case may be, on the same terms, as the Board of Directors may decide.

RESOLUTION 3 - ACQUISITION OF SHARES IN ASHAKACEM PLC

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution, subject to such regulatory approvals as may be required:

That the Company be and is hereby authorised to acquire an equity interest in AshakaCem PLC by acquiring 1,312,444,260 ordinary shares in AshakaCem PLC held by Lafarge Nigeria (UK) Limited, which ordinary shares represent 58.61% of the issued share capital of AshakaCem PLC, in exchange for which the Company will issue 370,365,845 ordinary shares to Lafarge Nigeria (UK) Limited and acquire such additional shares on the same terms as may be required by Section 131 of the Investments and Securites Act, 2007 or otherwise by law or as the Board of Directors may decide.

RESOLUTION 4 - ACQUISITION OF SHARES IN ATLAS CEMENT COMPANY LIMITED

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution subject to such regulatory approvals as may be required:

That the Company be and is hereby authorised to acquire an equity interest in Atlas Cement Company Limited by acquiring 1,241,837,662 ordinary shares in Atlas Cement Company Limited held by Lafarge Nigeria (UK) Limited and its nominee, Associated International Cement Limited which ordinary shares represent 100% of the issued share capital of Atlas Cement Company Limited, in exchange for which the Company will issue 18,228,340 ordinary shares to Lafarge Nigeria (UK) Limited.

RESOLUTION 5 - APPROVAL OF PUBLIC OFFER OF SHARES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution, subject to such regulatory approvals as may be required:

That, subject to regulatory approval, the Board of Directors be and is hereby authorised to raise additional capital of up to N100,000,000,000 (one hundred billion Naira) for the Company, through a public 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.

RESOLUTION 6 – LISTING OF ADDITIONAL SHARES ON THE NIGERIAN STOCK EXCHANGE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution, subject to such regulatory approvals as may be required:

That, following allotment by the Board of Directors, the new shares issued by the Company pursuant to the transactions contemplated in resolutions 1- 5 above be listed on the Nigerian Stock Exchange.

RESOLUTION 7 - APPROVAL OF INCREASE IN AUTHORISED SHARE CAPITAL

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a special resolution:

That, in view of the foregoing resolutions, and in order to accommodate the new shares in the Company that are proposed to be issued, the authorised share capital of the Company be increased from N2,286,933,336 to N5,000,000,000 by the creation of 5,426,133,328 additional ordinary shares of 50 kobo each, ranking pari passu in all respects with the existing ordinary shares of the Company and that the new shares thus created be registered with the Securities and Exchange Commission and consequently that the Memorandum of Association of the Company be and is hereby amended by:

(i) Deleting Clause 6 and substituting it with the following:
“THAT the Share Capital of the Company is N5,000,000,000,00 divided into 10,000,000,000 Ordinary Shares of 50k each; and

(ii) Adding the following to “Rider A” of the said Memorandum of Association:

(iii) By a Special Resolution passed at the [.........] General Meeting of the Company held on [.....................], the authorised share capital of the Company was increased to N5,000,000,000.00 by the creation of a further 5,426,133,328 Ordinary Shares of 50k each.

RESOLUTION 8 - APPROVAL OF AMENDMENT OF THE ARTICLES OF ASSOCIATION FOR THE INCREASE IN THE NUMBER OF DIRECTORS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a special resolution:

That article 82 of the Articles of Association of the Company be and is hereby amended by deleting the word “thirteen” and replacing it with the word “seventeen” and the article shall read as follows:

Until otherwise determined by a special resolution of the company, the number of directors shall not be less than four or more than seventeen.

RESOLUTION 9 - APPROVAL OF AMENDMENT OF ARTICLE 57 OF THE ARTICLES OF ASSOCIATION

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a special resolution:

That article 57 (as amended by the Annual General Meeting of July 26, 2005), be and is hereby deleted and replaced with the following :

A special resolution shall be required for any of the following:

(i) Any expansion programme requiring capital expenditure in excess of N20 billion

(ii) Loan by the company in excess of N25 billion other than short-term marketable securities acquired to give temporary employment to its idle resources.

(iii) Any guarantee in respect of an amount in excess of N5 billion;

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RESOLUTION 10 - APPROVAL OF CHANGE OF NAME OF THE COMPANY

To consider and, if thought fit, to pass, with or without amendment, the following sub- joined resolutions as special resolutions:

(i) That the name of the Company be changed to LAFARGE AFRICA PLC to better reflect the new direction of the Company and consequently that clause 1 of the Memorandum of Association of the Company be substituted with the following new clause:

"The name of the Company is LAFARGE AFRICA PLC."

And that the Memorandum and Articles of Association of the Company be amended accordingly.

(ii) That the change of name shall become effective upon the conclusion of all or any of the transactions that are set out in resolutions 1-4 above.

RESOLUTION 11 – DIRECTORS AUTHORITY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

That, the Board of Directors of the Company be and is hereby authorised to take all such actions as are necessary to give effect to these resolutions.

NOTES:

PROXY

A member of the Company entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company.

A proxy form is attached in this Annual Report. For the instrument of proxy to be valid for the purpose of the meeting it must be completed, duly stamped by the Commissioner of Stamp Duties in accordance with the Stamp Duties Act (Cap S8 Laws of the Federation of Nigeria 2004) and deposited at the Office of the Registrar of the Company, City Securities Limited, 358 Herbert Macaulay Road, Yaba, Lagos, not later than 48 hours before the time for holding the meeting.

DIVIDEND WARRANT

If the dividend recommended by the Directors is approved by members at the Annual General Meeting, the dividend warrants will be posted on the 10th day of July 2014, to members whose names appear in the Register of members at the close of business on the 25th April 2014.

CLOSURE OF REGISTER

The Register of Members and Transfer Books of the Company was closed on the 28th of April to 2nd of May 2014 (both dates inclusive) for the purpose of payment of dividend.

AUDIT COMMITTEE

In accordance with section 359 (5) of the Companies and Allied Matters Act, (Cap C20, Laws of the Federation of Nigeria, 2004), any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing of such nomination to the Company Secretary at least 21 days before the Annual General Meeting.

BY ORDER OF THE BOARD

UZOMA UJA (MS.)
Company Secretary/Legal Counsel

Dated this 30th May 2014

REGISTERED OFFICE
27B Gerrard Road,
Ikoyi, Lagos

DIRECTORS' AND STATUTORY INFORMATION

DIRECTORS

Chief Olusegun Osunkeye OFR, OON	-	Chairman
Jean-Christophe Barbant Esq.	-	Vice Chairman
Joseph Hudson Esq.	-	MD/CEO
Alfred Amobi Esq.	-	Finance Director
Chief (Dr.) Joseph Sanusi CON	-	Director
Guillaume Roux Esq.	-	Director
Asiwaju Ademola Awosanya	-	Director (Resigned 12.12.13)
Mobolaji Balogun Esq.	-	Director
Oludewa Edodo-Thorpe (Mrs.)	-	Director
Adebayo Jimoh Esq.	-	Director
Jean-Carlos Angulo Esq.	-	Director
Sylvie Rochier (Ms.)	-	Director
Adebode Adefioye Esq.	-	Director
Thierry Metro Esq.	-	Director (Appointed 24.04.2014)

COMPANY SECRETARY/LEGAL ADVISER
Uzoma Uja (Ms.)

EXTERNAL AUDITORS
Akintola Williams Deloitte

REGISTERED OFFICE AND PLANTS

1. 27B Gerrard Road,
   Ikoyi, Lagos State
2. Ewekoro I & II Plants, Ewekoro, Ogun State
3. Sagamu Plant, Sagamu, Ogun State

BANKERS
Access Bank Plc
CitiBank Nigeria Ltd
Diamond Bank Plc
Ecobank Plc
First Bank of Nigeria Ltd
First City Monument Bank Plc
Guaranty Trust Bank Plc
Key Stone Bank Ltd
Standard Chartered Bank Ltd
Stanbic IBTC Bank Plc
Union Bank of Nigeria Plc
United Bank for Africa Plc
Wema Bank Plc

REGISTRAR
City Securities (Registrars) Limited
358, Herbert Macaulay Road,
Yaba, Lagos

CHAIRMAN'S STATEMENT

Distinguished shareholders, my colleagues on the Board of Directors, gentlemen of the press, Ladies and Gentlemen, I am delighted to welcome you to the 55th Annual General Meeting of our Company, Lafarge Cement WAPCO Nigeria Plc.

It is my pleasure to lay before our shareholders the performance of the Company for the 2013 financial year and the economic environment under which it operated.

I am also pleased to inform our esteemed shareholders about ongoing discussions with Lafarge S.A. in respect of the transfer of its indirect equity interests in Lafarge South Africa Holdings (Pty) Limited, United Cement Company of Nigeria Limited, AshakaCem Plc and Atlas Cement Company Limited.

BUSINESS ENVIRONMENT

We are encouraged by the increasing stability we are seeing in Nigeria particularly in the area of Government policies. The economic parameters of interest, inflation and exchange rates broadly remained stable during the year. This stability was achieved by the Central Bank of Nigeria through the use of monetary tools particularly the Monetary Policy Rate (MPR) and the Cash Reserve Ratio (CRR). However, toward the end of the year, the exchange rate spiked as a consequence of the bearish run in the equities market which resulted from the re-balancing of assets particularly by foreign portfolio investors.

Domestic demand for cement in 2013 was estimated at 21 million metric tonnes; up by approximately 14% on the estimated demand for 2012. This is the highest expansion in demand seen in the last five years where year on year growth in demand averaged approximately 10%.

The Nigerian economy continues to offer opportunities but the capacity of manufacturers to harness the opportunities is somewhat constrained by the prevailing challenges of the operating environment. While the supply of natural gas to manufacturers by the Nigerian

Chief Olusegun Osunkeye, OFR, OON
Chairman of the Board
Lafarge Cement WAPCO Nigeria Plc

Gas Company stabilized in 2013, the improvement in electric power supply from the national grid remains marginal. However, given the significant progress made on the privatization of the generation and distribution of electricity by the Federal Government, expectation by manufacturers is that electric power supply will gradually become stable with a positive impact on industrial performance.

Although the security challenges particularly in the North Eastern part of the country persisted, the Company was able to achieve an uninterrupted production run as its core markets are outside of the trouble spots.

RESULTS FOR THE YEAR

While we continue to strive for better financial results for our Shareholders; the health and safety of our employees and partners working in our facilities remained a key objective. For us a focus on health and safety ultimately benefits all our stakeholders as it assures the stability of our operations. To deepen the awareness on the importance of health and safety, I am pleased to report to our shareholders that trainings and briefings at all levels of our operations on identification and controlling of workplace risks are continuing.

During the year under review, our health and safety performance improved significantly. We recorded zero lost time injuries and zero fatalities on our sites. Preparations are also at advanced stages to establish the Drivers Academy in 2014 with the objective of ensuring quality training and certification of drivers through a revised Defensive Driver Training (DDT) model, contents of which are being developed in conjunction with the transporters and with support from Lafarge Group.

Total cement dispatched for the year closed at 3.4 million metric tonnes; up by 17% on 2012 due to significant improvement in performance across all plants supported by stable supply of natural gas. Consequently, turnover for the year increased by 12% to N98.8 billion, with a contribution of N1.62 billion from the Ready Mix Concrete business. The profit before taxation for the year increased to N27.7 billion from N21.3 billion recorded for 2012 on the back of increased turnover and implementation of cost containment measures.

Tax credit for the year was N0.6 billion compared with N6.6 billion charged for 2012 largely due to the impact of adjustments for Pioneer Status for five (5) years for our new cement production facilities at Ewekoro which commenced in December 2011. The 2013 financial year therefore closed with profit after taxation at N28.3 billion; 92% up compared to 2012.

The syndicated Naira term loans were fully repaid in the second half of 2013; fourteen (14) Months ahead of tenor. Furthermore, all foreign currency denominated loans were paid-off. With these actions all variable interest loans of the Company are now fully repaid to eliminate the risks in exchange and interest rate fluctuations. Plans are ongoing for the bullet redemption of the Corporate Bond in October 2014.

READY MIX CONCRETE BUSINESS

Lafarge Readymix, the company's wholly owned subsidiary, continued to provide a brand differentiation platform. The business has now consolidated operations in three (3) hubs - Lagos, Abuja & Port Harcourt with the Plant in Abuja commencing operations in January 2014. The business now has six (6) plants located across the three (3) hubs. To further harness the opportunity that the ready mix concrete market provides, I am delighted to report that plans are on-going to increase the number of batching plants over the next few months. The ready-mix business contributed N1.62 billion and N0.25 billion to turnover and profit after tax respectively for the year.

PROPOSED DIVIDEND

Based on the improvement in profitability, the Board of Directors is able to propose for approval by shareholders a gross dividend of 330 kobo on each ordinary share in issue. In absolute terms this represents an increase of 175% i.e. almost 3 times the gross dividend of 120 kobo approved by shareholders on the 2012 financial results.

PERFORMANCE IMPROVEMENT

With the competitive landscape continuing to be intense, the company implemented a number of commercial, productivity enhancement and cost reduction strategies aimed at improving profitability and shareholder value. The Key Distributorship Scheme was launched in the second half of 2013 with noticeable impact on improved stock holding by individual Key Distributors, and enhanced redistribution capacity through provision of smaller trucks to increase availability and penetration. This initiative has led to improved territory coverage by the newly recruited Secondary Sales force of the Key Distributors who support secondary distribution in their respective territories. To demonstrate our commitment to excellence in customer service delivery, our Customer Service Centre has been relocated to our Oregun, Ikeja facilities, and was purpose built to provide better ambience for our customers.

CHAIRMAN'S STATEMENT

We have also commenced a Mobile - Service project which will provide our Customers the opportunity to be alerted as their orders are being processed. A Customer Relationship Management initiative has also commenced, which when fully in place will create a platform to serve our customers better by providing quality information, faster resolution of issues, speedier response to customer requests and providing an excellent database for management information. All these initiatives will not only benefit our customers but indeed will provide reporting tools for the Sales team aimed at improving their effectiveness. Our Customer Service activities will continue to cover both in-bound and out-bound operations. Our Service Level Agreements (SLAs) will continue to be our guiding principles at ensuring consistency and sustainability of our services.

In pursuit of its differentiation strategy, the company continues to focus on its special products. "SUPASET", which was launched 2 year ago and caters to the needs of the pre-cast segment of the cement market. "POWERMAX", launched in 2012, is a technical product that combines excellent strength performance at all ages with enhanced benefits of versatility and durability. Powermax is the effective solution to the productivity demands of large construction projects while also satisfying the needs of individual home builders.

The Company is also exploring opportunities to enhance its logistics strategy with a view to making its products readily available to customers across its relevant markets.

BOARD CHANGES

Since the last Annual General Meeting, Asiwaju Ademola Awosanya retired from the Board of Directors. On behalf of the Board of Directors, I thank Asiwaju Ademola Awosanya for the long years of service to the Board and the Company and wish him success in his future endeavors.

On April 24th 2014, Mr. Thierry Metro (French) was appointed to the Board of Directors. Mr. Metro is a graduate of Ecole Central Paris in Engineering. Since joining Lafarge SA, Mr. Metro has held several positions, such as Plant Manager, Vice-President, Manufacturing for Lafarge Eastern Canada. Mr. Metro is currently the Senior Vice President Energy & Strategy and is responsible for all Energy and Strategic Sourcing within the Lafarge Group. On behalf of the Board and the shareholders, I warmly welcome Mr. Thierry Metro to the Board of Directors.

PROPOSED TRANSACTION

In line with the Company's commitment to expand its operations either by growing current operations or entering new markets, the Board of Directors entered into discussions with Lafarge S.A. in respect of the transfer by Lafarge Group affiliate companies of their direct and/ or indirect equity interests in the following companies to Lafarge Cement WAPCO Nigeria Plc:

Lafarge South Africa Holdings (Pty) Limited ("LSAH");
United Cement Company of Nigeria Limited ("Unicem") through Egyptian Cement Holdings B.V.;
AshakaCem Plc ("AshakaCem"); and
Atlas Cement Company Limited ("Atlas").

In consideration for the transfer, the Company will make a cash payment and issue and allot shares in Lafarge Cement WAPCO Nigeria Plc to the Lafarge Group affiliate companies.

The primary benefit of the Transaction is the creation of a solid platform with considerable scale that can be leveraged upon to drive future growth. At the conclusion of the Transaction, an enlarged Company will emerge, with a presence in Africa's two largest economies, Nigeria and South Africa, increased installed production capacity and an expanded portfolio of products. This will place our Company in a better position to leverage existing and emerging opportunities in Nigeria and Sub-Saharan Africa. A region characterized by rapid economic growth, increased urbanization and growing income levels. Exposure to South Africa, a more mature and stable operating environment, will improve our risk perception, through the reduction of country and region-specific risk and provide opportunities for knowledge transfer.

The intention is to transform the enlarged entity into a leading building materials company in Sub-Saharan Africa. Accordingly, the Transaction is expected to be value accretive to our Company both in the near term and long term.

Given the Company's growth strategy and subject to the conclusion of the Transaction, the Board resolved that Mr. Guillaume Roux be appointed as Group Managing Director and Chief Executive Officer of the enlarged entity. Mr. Roux has worked with the Lafarge Group for close to 34 years and brings to the enlarged entity valuable wealth of experience in building materials. He currently doubles in the roles of Executive Vice President, Operations at the Lafarge Group and Country CEO for Lafarge in Nigeria.

The Board of Directors has also resolved that, Mr. Joe Hudson, currently Managing Director/CEO of the Company since 2011 and consequent on the completion of the Transaction be redesignated as Managing Director, WAPCO operations of the enlarged entity. I will like to specially thank Mr. Hudson for successfully leading the necessary transformations of the Company's commercial and industrial operations to remain competitive.

Also consequent on the completion of this Transaction and to reflect our ambition, the enlarged entity will be named "Lafarge Africa Plc". A resolution to this effect will be proposed to shareholders at today's meeting.

May I direct your attention to the Explanatory Note enclosed with this Annual Report, which provides additional information on the Transaction contemplated. I urge you to read the Explanatory Note in its entirety. The Board will present the Transaction for the approval of the Company's shareholders as a Special Business. The Board has considered the Transaction, as well as the benefits thereof, and considers the terms and conditions of the Transaction to be fair and reasonable. Therefore, the Board unanimously recommends that you vote in favour of the resolutions, which are the subject of the Special Business of the AGM. All the Directors of Company have indicated that they intend to vote in favour of the Transaction in respect of their own direct and indirect holdings.

If you are unable to attend the meeting in person, please complete the attached proxy form, in accordance with the instructions thereon and return it as soon as possible to the company secretary, no later than forty-eight (48) hours before the time scheduled for the AGM. Please note that the lodging of a proxy form, does not prevent you from attending the relevant meeting and voting in person should you subsequently decide to do so. However, in such instances, your proxy will not be entitled to attend or vote.

FUTURE OUTLOOK

The awareness and actions being taken at all levels of government to address the deficit in infrastructure remains a veritable opportunity to expand the operations of the Company. Of note is the significant deficit in housing stock exacerbated by increasing population migration from rural to urban centers. Also most roads still remained unpaved providing potential opportunities for an increase in demand for cement. We will therefore continue our pursuit of innovation in building materials to harness these opportunities and meet the needs of customers.

In addition, the Enlarged Entity created by the proposed Transaction will be better equipped to compete effectively in the Nigerian and South African Cement Industries. It is expected that the Enlarged Entity will be able to realize positive economies of scale and achieve substantial synergies operationally and administratively, as well as through a unified service delivery platform. Furthermore, the proposed Transaction will provide your company greater product and geographical diversification, and a solid platform future growth.

With these initiatives, your company is set on a path of continued forward momentum to deliver positive results.

APPRECIATION

On behalf of the Board of Directors, I thank all our stakeholders particularly our employees and management who worked tirelessly to achieve the improved results which I lay before the shareholders today. It is my belief that our Stakeholders working together in harmony and making the right decisions will lead to the building of our Company into a successful business that can stand the test of time.

Our principal investor and partner, the Lafarge Group continues to provide commercial and technical guidance to our operations. We are grateful for their contributions.

Distinguished shareholders, my colleagues on the Board, Ladies and Gentlemen, I thank you for your presence at this year's Annual General Meeting and I look forward to your full participation in the agenda of today's meeting.

Chief Olusegun Osunkeye, OFR, OON
Chairman of the Board
Lafarge Cement WAPCO Nigeria Plc

BOARD OF DIRECTORS

STANDING FROM LEFT TO RIGHT
Mr. Jean Carlos Angulo
Mr. Thierry Metro
Mr. Alfred Amobi
Mr. Adebode Adefioye
Mr. Mobolaji Oludamilola Balogun
Mr. Adebayo Jimoh
Ms. Uzoma Uja
Mr. Jean-Christophe Barbant

SITTING FROM LEFT TO RIGHT
Ms. Sylvie Rochier
Mr. Guillaume Roux
Chief (Dr.) Joseph Oladele Sanusi, CON
Chief Olusegun Oladipo Osunkeye, OFR, OON
Mr. Joseph Hudson
Mrs. Oludewa Edodo -Thorpe

BOARD OF DIRECTORS' PROFILE

Chief Olusegun Oladipo Osunkeye, OFR, OON was appointed on the 24th October 2000 and was elected Chairman with effect from 1st October 2009. He is a Fellow of the Institute of Chartered Accountants of Nigeria, the Institute of Directors and the Nigerian Institute of Management.

Chief Osunkeye is the President (and a Fellow) of the Society for Corporate Governance Nigeria and the immediate Past Chairman of the International Chamber of Commerce, Nigeria Chapter.

He was a member of Senate of the University of Lagos from 2002-2007 and a facilitator at the Lagos Business School of Pan African University on "Directing the Enterprise and Corporate Governance". He is a past President of the Nigerian Employers' Consultative Association (NECA). He is a high ranking Chief, as the Babalaje of Egbaland. He was conferred with a Doctor of Science Degree (honoris causa) by the University of Agriculture, Abeokuta in 1998.

In 2003, he was conferred with the National Honors Award of Officer of the Order of the Niger (OON) and in 2011 he was conferred with the National Honors Award of Order of Federal Republic of Nigeria (OFR) in recognition of his significant contribution, through the private sector, to the industrial, commercial and agricultural development of the country.

Mr. Jean-Christophe Barbant (French) was appointed on the 27th of May 2009 and was elected Vice Chairman on the 27th September 2012. He is a graduate of Ecole Nationale Superieure des Mines de Paris/ France and School for Sciences and Engineering. He joined Lafarge Gypsum in 1995 as a Director for strategic development projects.

He was appointed Senior Vice President North and Central Europe between 1996 and 2000 following which he proceeded to the Lafarge Group, France as Director for Corporate E-business between 2000 and 2003. He was the CEO of Lafarge Roofing/Monier and member of the Lafarge Group Executive Committee till February 2007.

Mr. Joseph Hudson, a British citizen, is presently the Managing Director and Chief Executive Officer of the Company. He was appointed on the 16th March 2011.

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

Mr. Hudson holds an honors degree from Exeter University, and is a Chartered Fellow of the Institute of Personnel and Development (FCIPD), UK. He has represented England Universities at Rugby and has over 15 years' experience working in Africa.

Mr. Alfred Amobi is a fellow of both the Institute of Chartered Accountants of Nigeria and Chartered Institute of Taxation of Nigeria. He graduated with a Distinction in Accountancy from the Institute of Management and Technology, Enugu. He also holds a Masters Degree in Business Administration from Enugu State University of Science and Technology. Mr. Amobi has attended Executive Management Programmes at various institutions including Havard Business School and Management Centre, Europe.

Mr. Amobi held several positions within UAC of Nigeria Plc, including Management Accountant, Divisional Commercial Director (BPP/ Kalamazoo). He represented UACN on the Board of Spring Waters Nigeria Ltd as the Finance Director of the Company. He later spent many years within the Coca-Cola System, holding various senior management positions including Head of Finance Operations and Commercial Director, East/West of Nigerian Bottling Company Plc. (A Coca-Cola HBC Company).

He joined Lafarge Cement WAPCO Nigeria Plc as the Chief Financial Officer and was appointed to the Board of Lafarge Cement WAPCO Nigeria Plc on the 16th of September 2011.

Chief (Dr.) Joseph Oladele Sanusi, CON is Fellow of the Institute of Chartered Accountants of Nigeria and a Fellow of the Nigerian Institute of Bankers. He trained at the South-West London College; Kingston College of Technology, Havard University, Boston, USA. He was the former Governor, Central Bank of Nigeria.

He has held top-level management and directorship positions in the financial services sector including the MD/CEO of First Bank of Nigeria Plc, United Bank for Africa Plc, Chairman FBN (Merchant Bankers) Limited, Kakawa Discount House and he is presently the Chairman of Standard Chartered Bank Limited in Nigeria and Chairman of First Pension Custodian Nigeria Ltd. He is a recipient of several awards.

In 2002, he was conferred with the National Honour of the Commander of the Order of the Niger (CON). He is the Bashorun of Ile Ife and the Asiwaju of Ogbagi Land in Akoko Ondo State.

He was appointed to the Board of Lafarge Cement WAPCO Nigeria Plc on the 7th of October 2004.

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

Mr. Balogun left FCMB to become a co-founder and Director of Econet Wireless Nigeria (now Airtel Nigeria). He was pioneer Chief Business Development and Strategy Officer and in October 2001, he was appointed Chief Marketing Officer. He left the business and mobile telecommunications and returned to investment banking in 2005. He was appointed to the Johannesburg Stock Exchange, Africa Board Advisory Committee in September 2009. Mr. Balogun joined the Board of Lafarge Cement WAPCO Nigeria Plc on the 1st of March 2005.

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

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

In 1999, he was appointed the Chief Executive Officer, Lafarge operations, Turkey. He was later appointed the Executive Vice-President, Cement Division South East Asia in 2001. He held the position of the Group Executive Vice President, Co-President Cement Division responsible for Central Europe, Western Europe, Africa, Maghreb and Middle East since January 2006. He is now the Executive Vice President in Lafarge and Country CEO, Nigeria and Benin Republic.

He was appointed to the Board of Lafarge Cement WAPCO Nigeria Plc on 18th December 2007.

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

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

She is currently involved in the practice of Law with specialization in Secured Credit Transactions, Corporate and Commercial Law and International Business Transactions. She joined the Board of Lafarge Cement WAPCO Nigeria Plc on the 3rd of September 2008.

BOARD OF DIRECTORS' PROFILE

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

Mr. Adebayo served as the General Manager for John Holt Ventures from 1994 – 1996 and thereafter moved to Yamaha Motorcycle Company as the General Manager in 1997, before his appointment as Executive Director in charge of the Group Operations of John Holt Plc in 2003. He was appointed the Group Managing Director of Odu'a Investment Limited in May 2005. He joined the Board of Lafarge Cement WAPCO Nigeria Plc on the 16th March 2011.

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

He began his career as a Project Engineer in the aerospace industry at the Société Européenne de Propulsion SEP (1971 à 1974) in Bordeaux. He joined Lafarge in 1975, where he was successively Project Manager and Projects Director in Group engineering subsidiaries (plant construction). He later became the General Manager of Lafarge Consulteria e Estudos in Brazil. In 1984, he joined Lafarge Aluminates as Head of Development. He was General Manager of Lafarge's Brazil operations and head of the Southern region of Latin America from 1990 to 1996. He was appointed the General Manager of Lafarge Ciments in France in 1996.

Jean-Carlos Angulo was President of the Cement business operations in Western Europe and Morocco between 2000 to August 2007. He is presently an Executive Vice President with responsibilities for Lafarge Group operations in several countries. He joined the Board of Lafarge Cement WAPCO Nigeria Plc on the 20th March 2012

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

Mr. Adeboye Adefioye is the Chief Executive Officer of IBK Services Limited. He currently holds Directorship positions on the Board of Wema Bank Plc and Ceerem Investment Nigeria Limited. He joined the Board of Lafarge Cement WAPCO Nigeria Plc on the 20th December 2012.

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

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

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

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

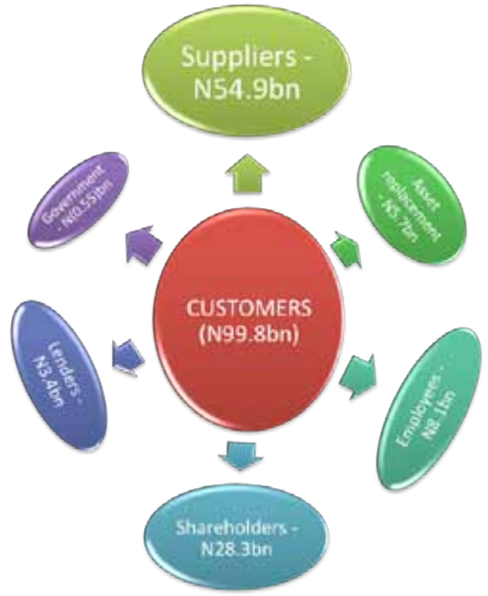
He joined Board of Lafarge Cement WAPCO Nigeria Plc on the 24th of April 2014.

FINANCIAL HIGHLIGHTS

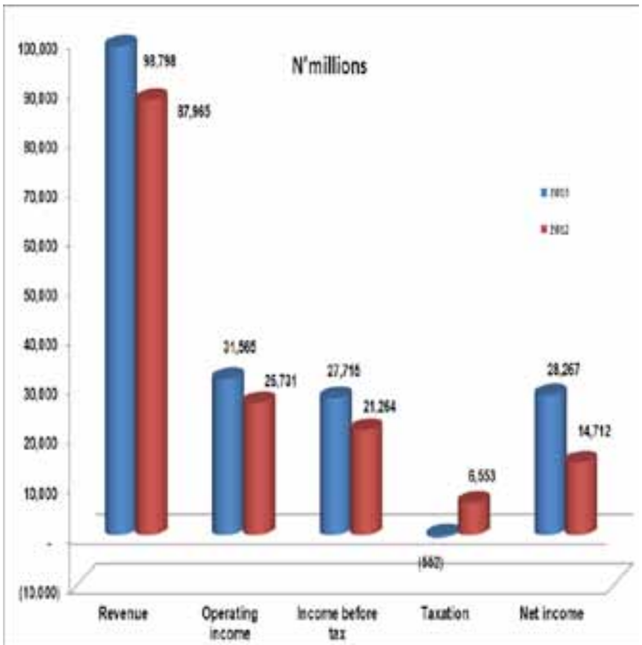
	Group 2013	Group 2012	Company 2013	Company 2012	Increase/(Decrease) Group	Increase/(Decrease) Company
Key Balance Sheet Items (N'Million)						
Plant, Property & Equipment	125,170	128,095	123,129	127,275	(2%)	(3%)
Borrowings	21,511	37,306	21,511	37,306	(42%)	(42%)
Net Current (Liabilities)	(4,287)	(8,043)	(2,646)	(7,353)	(47%)	(64%)
Ordinary Shareholders' Funds	92,972	68,359	92,642	68,274	36%	36%
Key Profit or Loss Account Items(N'Million)						
Revenue	98,798	87,965	97,175	87,092	12%	12%
Operating Income	31,565	26,731	31,292	26,630	18%	18%
Income Before Tax	27,715	21,264	27,443	21,164	30%	30%
Income After Tax	28,267	14,712	28,022	14,611	92%	92%
Dividend proposed	9,905	3,602	9,905	3,602	175%	175%
Key Cashflow Items in/(out): (N'Million)						
Net Cash Inflows from Operating Activities	36,939	24,969	35,371	24,416	48%	45%
Cash and Cash Equivalent	20,420	8,892	20,205	8,826	130%	129%
Ratios						
Net return on Ordinary Shareholders' Funds	30%	22%	30%	21%	41%	41%
Gross income to Revenue	39%	37%	34%	44%	6%	(24%)
Operating income on Revenue	32%	30%	32%	31%	5%	5%
Operating income on Total Assets	20%	18%	20%	18%	11%	11%
Debt to equity	23%	55%	23%	55%	(58%)	(58%)
Headcount:						
Number of Employees (including trainees)	1,102	1141	957	1036	(3%)	(8%)
Information per 50k Ordinary Share:						
Earnings per share	942	490	934	487	92%	92%
Net Assets (Kobo)	3,097	2,277	3,086	2,275	36%	36%
Dividends proposed (kobo)	330	120	330	120	175%	175%
Dividends Cover (times)	2.9	4.1	2.9	4.1	(30%)	(30%)

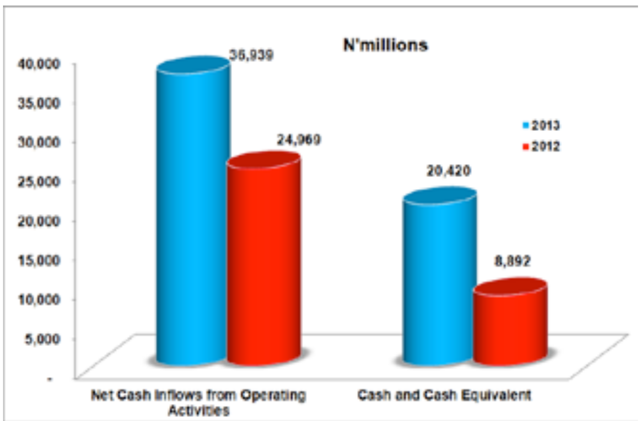
2

Group Value Added

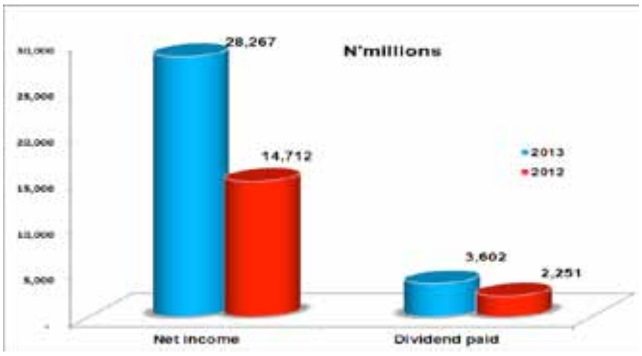


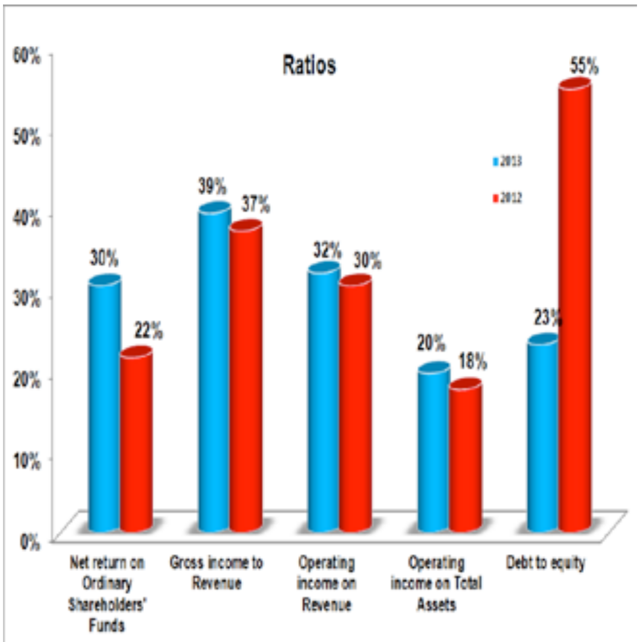
Group Highlights

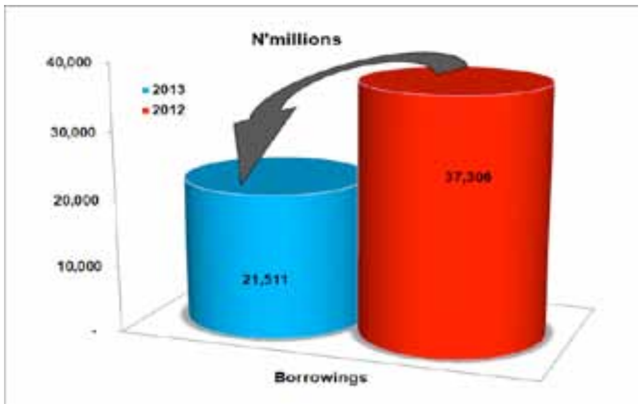




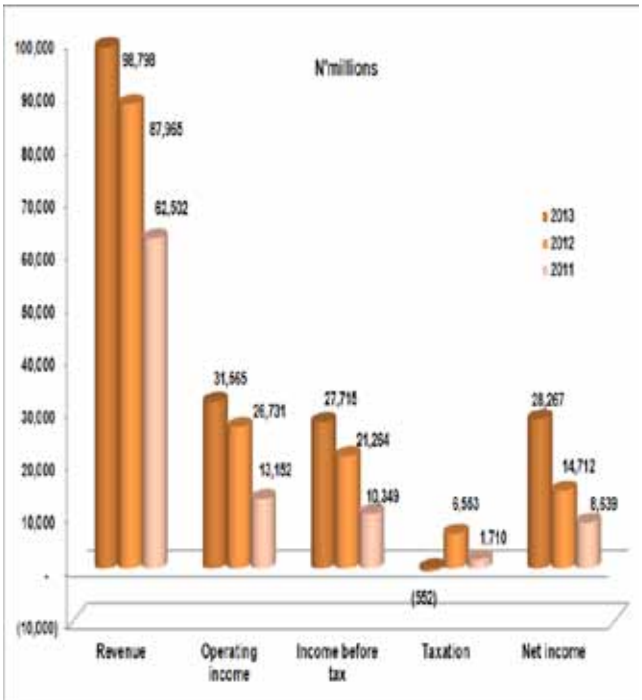
Group Highlights

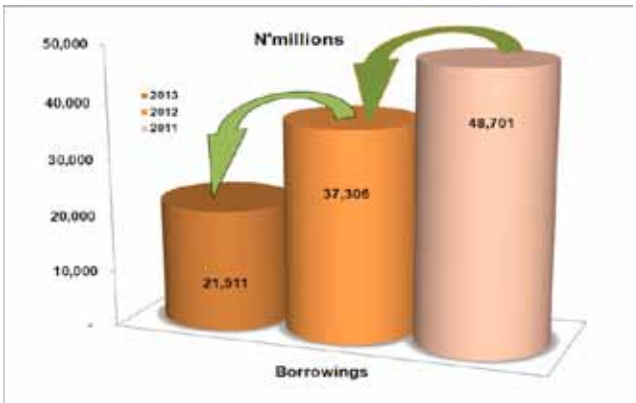


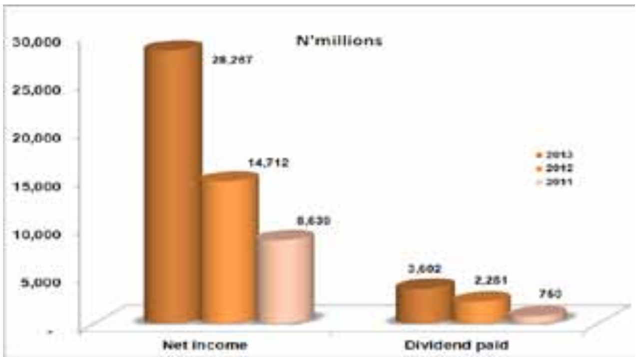


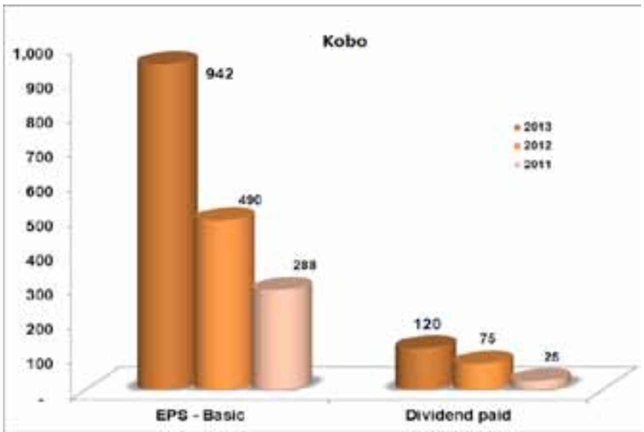


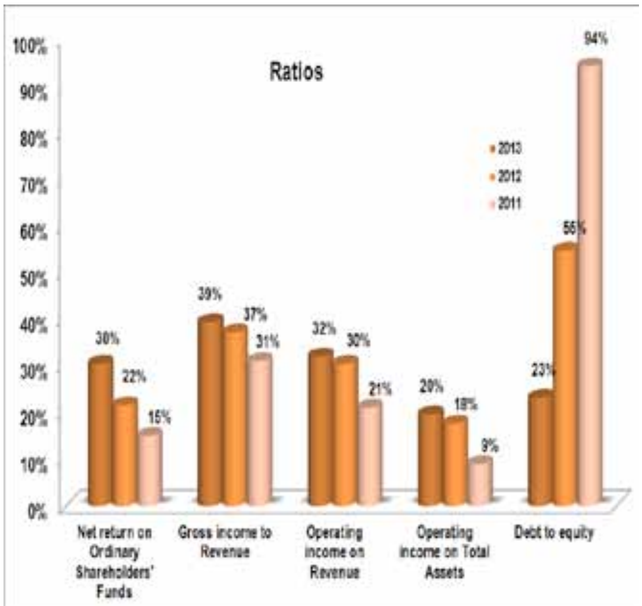
Group Trend Analysis



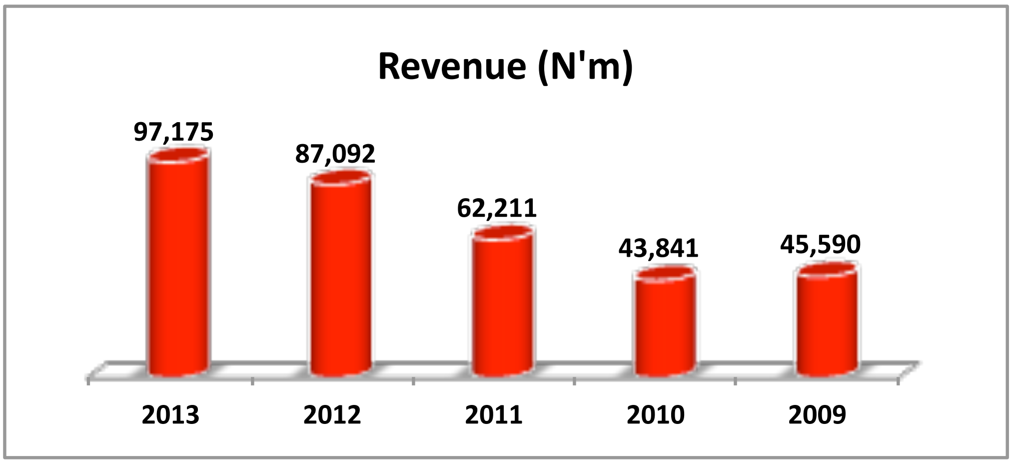


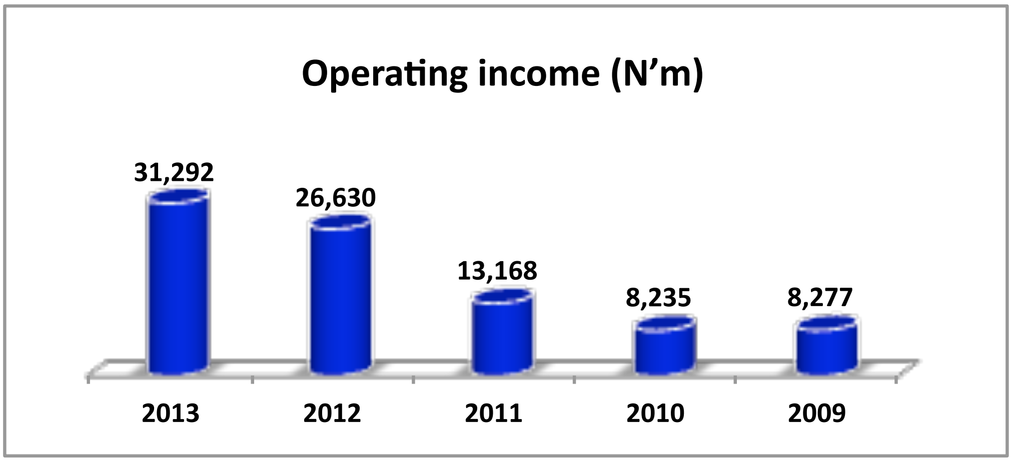


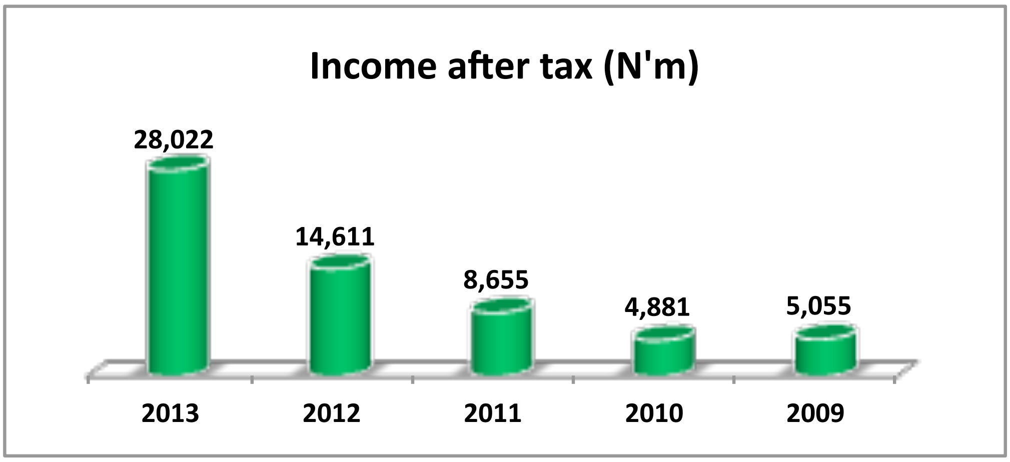


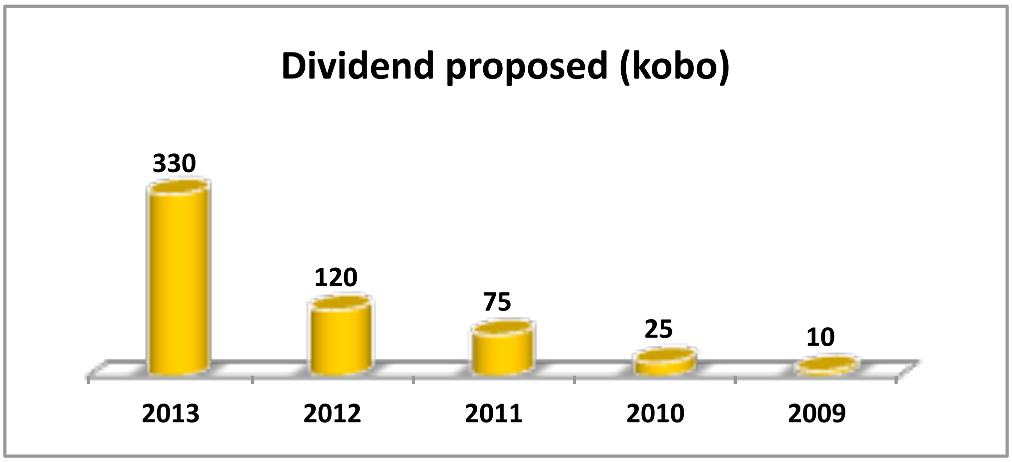


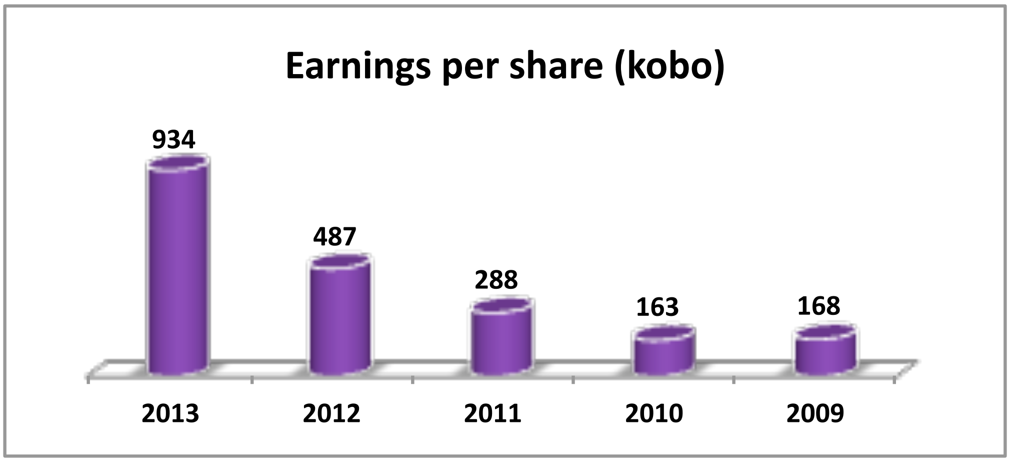
FIVE YEAR TREND - COMPANY








Dividend proposed (kobo)
330
120
75
25
10
2013
2012
2011
2010
2009


Earnings per share (kobo)
934
487
288
163
168
2013
2012
2011
2010
2009

REPORT OF THE DIRECTORS

The Board of Directors has the pleasure of presenting to members, the Annual Report of the Company along with the Financial Statements of the Company and its subsidiary, Lafarge Ready Mix Nigeria Limited, for the year ended 31st December, 2013.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

LEGAL FORM

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

PRINCIPAL ACTIVITIES

The principal activities of the Company are manufacturing and marketing of cement products. The Company has a wholly owned subsidiary, Lafarge Ready Mix Nigeria Limited with its principal activities as production of ready mix concrete. The financial result of the subsidiary has been consolidated in these financial statements.

SUMMARY FINANCIAL RESULTS FOR THE YEAR

The Group's revenue increased by 12% to N98.8billion for the year ended December 31, 2013 compared to N87.9billion for the year ended December 31, 2012.

Operating Income also increased by 18% to N31.6billion compared to N26.7billion for the year 2012.

The Net Finance Cost reduced from N5.5billion to N3.8billion; a result of the reduction in interest charges due to the full repayment of the Naira syndicated bank loans.

The tax relief resulting from the Pioneer status granted the Ewekoro II plant resulted in a tax credit of N0.5billion. This impacted the Profit After Tax (PAT) positively.

Profit After Tax was N28.2billion for the year ended December 31, 2013, a growth of 92% over N14.7billion for the corresponding period in 2012. Consequently the Basic Earnings per share grew from 490kobo to 942kobo; a growth of 92% in the year under review.

	Group		Company	
CONTINUING OPERATIONS	**2013 N'000**	**2012 N'000**	**2013 N'000**	**2012 N'000**
Revenue	98,798	87,965	97,175	87,092
Gross Operating Income	**38,829**	**32,660**	**38,319**	**32,408**
Current Operating Income	**31,297**	**26,431**	**31,025**	**26,329**
Investment income	514	348	514	348
Other operating expenses	(247)	(48)	(247)	(48)
Operating Income	**31,564**	**26,731**	**31,292**	**26,630**
Finance costs	(3,850)	(5,467)	(3,849)	(5,466)
Income before tax	**27,714**	**21,264**	**27,443**	**21,164**
Income tax	552	(6,553)	579	(6,553)
Net Income from continuing activities	**28,267**	**14,712**	**28,022**	**14,611**
Other Comprehnsive loss	**(53)**	**(195)**	**(53)**	**(195)**
Total Comprehensive Income	**28,214**	**14,516**	**27,969**	**14,416**

DIVIDEND

The Board of Directors is proposing a dividend of 330 kobo on every Ordinary Share in issue amounting to N9.905 billion. The total dividend proposed if approved by shareholders is payable from the pioneer profits and not subject to deduction of withholding tax.

UNCLAIMED DIVIDEND AND SHARE CERTIFICATES

The Company has posted to all 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, City Securities Limited.

In addition, the list of unclaimed dividend and share certificate as at December 31st, 2013 has also been posted on the Company's website for easy access. The address of the website is www.lafarge.com.ng

The Company Registrars have advised that the total amount outstanding as at December 31st, 2013 is N423,619,171.94. This amount is still being held by the Registrars.

DIRECTORS AND DIRECTORS INTEREST AND SHAREHOLDING

Board Changes

Since the last Annual General Meeting, Asiwaju Ademola Awosanya (Non-Executive Director) resigned from the Board and the Company with effect from 12th December 2013. The Board duly nominated and appointed Mr. Thierry Metro (Non-Executive Director) to fill the vacancy.

Mr. Thierry Metro (French) was appointed to the Board on April 24th 2014. He is a graduate of Ecole Central Paris in Engineering. Since joining Lafarge Group, Mr. Metro has held several positions, such as Plant Manager, Vice-President, Manufacturing for Lafarge Eastern Canada. Mr. Metro is currently the Lafarge Group SVP Energy & Strategic Sourcing, which is responsible for all Energy and Strategic Sourcing of the Group.

Board Appointments

The Board Nominations and Remuneration Committee considered the nominees to the Board and their suitability for joining the Board. The Committee then made recommendations to the Board on the suitability or otherwise of the nominees for appointment to the Board. The appointment of Mr. Thierry Metro will be presented for ratification by the Shareholders at the 2014 Annual General Meeting of the Company.

Retirement by Rotation

In accordance with Articles 97 to 99 of the Articles of Association of the Company, the Directors to retire by rotation are Mr. Jean-Christophe Barbant, Mr. Guillaume Roux, Chief (Dr.) Joseph Sanusi CON and Mr. Jean-Carlos Angulo being eligible, offer themselves for re-election.

Chief (Dr.) Joseph Sanusi being above the age of 70 has indicated his willingness to continue in office as a Director of the Company in accordance with Section 252 of the Companies and Allied Matters Act (Cap C20, Laws of the Federation of Nigeria).

Their performances in the Director's evaluation conducted for the year 2013 were satisfactory.

Interest of Directors

Directors' interest in the Issued Share Capital of the Company as recorded in the Register of Members and/or as notified by them for the purpose of Section 275 of the Companies and Allied Matters Act (Cap C20 Laws of the Federation of Nigeria, 2004) and in compliance with the listing requirements of the Nigerian Stock Exchange are as follows:

Names	No. of shares 31.12.13	No. of shares 31.12.12
Chief Olusegun Osunkeye OFR, OON	101,184	101,184
Mr. Joseph Hudson	49,574	49,574
Mr. Alfred Amobi	5,750	5,750
Mr. Guillaume Roux	-	-
Mr. Jean-Christophe Barbant	-	-
Asiwaju Ademola Awosanya (Resigned 12.12.13)	10,500	10,500
Chief (Dr.) Joseph Sanusi CON	8,964	8,964
Mr. Mobolaji Balogun	2,103,302	2,103,302
Mrs. Oludewa Edodo-Thorpe	46,037	46,037
Mr. Adebayo Jimoh	-	-
Mr. Jean-Carlos Angulo	-	-
Ms. Sylvie Rochier	-	-
Mr. Adebode Adefioye	-	-
Mr. Thierry Metro (Appointed 24.04.2014)	-	-

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

REPORT OF THE DIRECTORS

Directors' Interest in Contracts

None of the Directors have notified the Company for the purpose of Section 277 of the Companies and Allied Matters Act (Cap C20 Laws of the Federation of Nigeria, 2004) to the effect that they were members or held shareholding of some specified companies which could be regarded as interested in any contracts with which the Company was involved as at 31st December, 2013.

CORPORATE GOVERNANCE REPORT

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

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

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

Lafarge WAPCO remains in full compliance with its Memorandum and Articles of Association, the Companies and Allied Matters Act (Cap C20 Laws of the Federation of Nigeria, 2004), rules of the Nigerian Stock Exchange, the Securities and Exchange Commission (SEC), International Best Practices and other regulations.

Detailed below is a report of compliance with the mandatory requirements of the SEC Corporate Governance Code and statement of how the Board conducted its activities in the financial year.

1. THE BOARD COMPOSITION AND ITS COMMITTEES

- The Board has overall responsibility for ensuring that the Company is appropriately managed and achieve its strategic objectives.
- The Company's Articles of Association provides that the Company's Board shall consist of not more than thirteen Directors. During the year, the Board comprised of thirteen Directors: Eleven (11) non-executives and two (2) executives.
- The Company's Board is comprised of a non-executive Chairman, with a mix of executive and non-executive Directors, all bringing high levels of competencies and experience, with enviable records of achievement in their respective fields.
- The Board meets regularly to 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.

2. ROLE OF THE BOARD

- Reviewing alignment of goals, major plans of action, annual budget and business plans with overall strategy; setting performance objectives; monitoring implementation and corporate performance and overseeing major capital expenditure in line with approved budget.
- Ensuring the integrity of the Company's accounting and financial reporting systems and that appropriate systems are in place for monitoring risk, financial control and compliance with the law.
- Through the establishment of the Board Committees, making recommendations and taking decisions on issues of expenditure that may arise outside the normal meeting schedule of the full Board.
- Ratifying duly approved recommendations and decisions of the Board Committees.
- The Board has supervisory responsibility for overall budgetary planning, major treasury planning, scientific and commercial strategies. The Board is responsible for satisfying itself that planning procedures and the Company's overall objectives are appropriate.
- Periodic and regular review of actual business performance relative to established objectives.
- Review and approval of internal controls and risk management policies and processes.

- Performance appraisal and compensation of Board members, succession planning and appointment, training, remuneration and replacement of Board members and senior executives.

3. RECORD OF DIRECTORS' ATTENDANCE

In accordance with Section 258(2) of the Companies and Allied Matters Act (Cap. C20 Laws of the Federation of Nigeria 2004), the record of Director's attendance and meetings held during year 2013 are available for inspection at the venue of the Annual General Meeting.

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

BOARD MEETINGS

The Board held five (5) meetings during the 2013 financial year. The following table shows membership and the attendance of Directors at the Board meetings held in the 2013 financial year:

Directors	21/3	28/5	26/7	24/10	11/12	Total
Chief Olusegun Osunkeye	√	√	√	√	√	5
Mr. Joseph Hudson	√	√	√	√	√	5
Mr. Alfred Amobi	√	√	√	√	√	5
Mr. Guillaume Roux	√	√	√	√	√	5
Mr. Jean-Christophe Barbant	√	√	√	√	√	5
Asiwaju Ademola Awosanya	√	√	√	√	√	5
Chief (Dr.) Joseph Sanusi	√	√	√	√	√	5
Mr. Mobolaji Balogun	√	√	√	√	√	5
Mrs. Oludewa Thorpe	√	√	√	√	√	5
Mr. Adebayo Jimoh	√	*	√	√	√	4
Mr. Jean-Carlos Angulo	√	√	√	√	*	4
Ms. Sylvie Rochier	√	√	√	√	√	5
Mr. Adebode Adefioye	√	√	√	√	√	5

√ Present * Absent

4. COMMITTEES OF THE BOARD

a. Finance and Strategic Planning Committee

The Committee reviews and make recommendations to the Board of Directors with respect to the Company's annual and long- term financial strategies and objectives.

The following table shows the composition and attendance of the members of the Committee at the meetings:

Directors	13/3	24/4	25/7	23/10	10/12	Total
Chief (Dr.) Joseph Sanusi	√	√	√	√	√	5
Mr. Mobolaji Balogun	√	√	√	√	√	5
Mr. Alfred Amobi	√	√	√	√	√	5
Mr. Joseph Hudson	√	√	√	√	√	5
Mr. Jean-Christophe Barbant	*	*	√	√	√	3
Mrs. Sylvie Rochier	√	√	√	√	√	5

√ Present * Absent

REPORT OF THE DIRECTORS

b. Nomination and Remuneration Committee

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

The Committee met once (1)in the year. The table below shows the composition and attendance of the members of the Committee at the meeting:

Directors	24/10	Total
Mr. Jean-Carlos Angulo	√	1
Mr. Jean-Christophe Barbant	√	1
Mr. Adebode Adefioye	√	1
Chief (Dr.) Joseph Sanusi	√	1
Asiwaju Ademola Awosanya	√	1

√ Present

c. Risk Management & Ethics Committee

The Committee reviews the nature, extent and categories of risks facing the Company, probability of the risks occurring and the Company's Policies among others. The Committee also monitors compliance of the Company regarding, Health, Safety, Environment and Ethics.

The Committee met four (4) times in the year. The table below shows the composition and attendance of the members of the Committee at the meetings:

Directors	21/3	26/7	24/10	11/12	Total
Mr. Jean-Christophe Barbant	√	√	√	√	4
Mrs. Oludewa Edodo Thorpe	√	√	√	√	4
Mr. Guillaume Roux	√	√	√	√	4
Mr. Joseph Hudson	√	√	√	√	4
Mr. Adebayo Jimoh	√	√	√	√	4
Mrs. Sylvie Rochier	√	√	√	√	4

√ Present * Absent

d. Property Optimisation Committee

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

The Committee met three (3) times during the year to consider the optimization of the Company's properties. The table below shows the composition and attendance of the members of the Committee at the meetings:

Directors	24/4	25/7	23/10	Total
Asiwaju Ademola Awosanya	√	√	√	3
Mr. Joseph Hudson	√	√	√	3
Mr. Mobolaji Balogun	√	√	√	3
Mrs. Oludewa Edodo Thorpe	√	√	√	3
Mr. Adebode Adefioye	√	√	*	2
Mr. Adebayo Jimoh	*	√	√	2

√ Present * Absent

e. Audit Committee

In accordance with section 359 (5) of the Companies and Allied Matters Act cap C20, Laws of the Federation of Nigeria 2004, the above members and Directors were elected and nominated pursuant to Section 359 (4) of the said Act and will serve on the Committee up to the conclusion of the 55th Annual General Meeting. The functions of the Committee are provided in section 359 (6) of the Companies and Allied Matters Act (Cap C20, Laws of the Federation of Nigeria 2004).

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

Members	13/3	20/6	23/10	27/11	Total
Mr. Olawale Oyedele	√	*	√	√	3
Mr. Adebayo Adeleke	√	√	√	√	4
Chief Peter Asu	√	√	√	√	4
Chief (Dr.) Joseph Sanusi	√	√	√	√	4
Mr. Mobolaji Balogun	√	√	√	√	4
Mr. Fred Amobi	√	√	√	√	4

√ Present * Absent

5. BOARD EVALUATION

In line with the Securities and Exchange Commission's Code of Corporate Governance 2011, a formal assessment of the Board's operations during the year 2013 took place using a detailed and thorough questionnaire approved by the Board. The review was to verify that important issues were properly prepared and debated within the Board and to assess the effective participation and involvement of each Director on the Board.

The assessment also included a debate on the Board's organization and practices and an assessment of the Board Committees. A summary of the 2013 performance evaluation results revealed that the Chairman was highly rated by other Directors of the Company, while the organization and practices of the Board were also found to be globally satisfactory.

6. MANAGEMENT TEAM

The Management Team headed by the Managing Director/CEO is responsible for the day-to-day management of the business. The Management Team is made up of Heads of Department in the Company. They meet at least once a month to deliberate on critical issues affecting the day to day running of the Company and as the need arises.

7. INSIDER TRADING

The Board has ultimately the responsibility for the Company's compliance with the rules relating to insider trading. The Company's Directors are prohibited from dealing in the Company's shares at certain periods, in accordance with the Investment and Securities Act, 2007 and the Company's policy on insider trading.

8. ETHICS AND CODE OF BUSINESS CONDUCT

The Company has adopted the Lafarge Code on Ethics and Business Conduct. All employees and third parties dealing with the Company are required to imbibe the rules of business conduct and comply with them. The Lafarge Code of Business Conduct workshop/training was organized for employees of the Company at different periods during the year.

As one of its responsibilities, the Audit Committee and the Board, approves, evaluates the extent of compliance and proffers suggestions, benchmarks and achievable objectives towards the realization of the Company's policy on ethics. Management in addition, presents an annual report on Ethics compliance to the Audit Committee for review and evaluation.

9. WHISTLE BLOWING

The Company is committed to conducting its affairs ethically and responsibly. Unethical behaviours cost the Company money, time, human resources and can negatively affect the Company's reputation before its stakeholders. All ethical abuses and fraud are reported through the Company's internal whistle blowing process.

REPORT OF THE DIRECTORS

10. SHAREHOLDING AND ACQUISITION OF SHARES

The Company did not purchase any of its own shares during the year.

No one other than those listed below held more than 5% of the issued share capital of the Company as at 31st December 2013.

SHAREHOLDERS	HOLDINGS	%HOLDINGS
International Investor Associated International Cement Ltd	1,095,025,626	36.48
Sub Total	**1,095,025,626**	**36.48**
Lafarge Associated Nigeria Limited	691,565,663	23.04
Lafarge Associated Nigeria Limited	14,416,839	0.48
Sub Total	**705,982,502**	**23.52**
Odu'a Investment Company Ltd	151,321,349	5.04
Stanbic Nominees Nigeria Ltd	338,894,908	11.29
Other Nigerians	710,375,619	23.67
Sub Total	**1,200,591,876**	**40.00**
Grand Total	**3,001,600,004**	**100.00**

Lafarge SA is an international investor holding its shares in the names of its subsidiaries: AIC UK (36.48%) and Lafarge Associated Nigeria Limited (23.52%).

11. REGISTER RANGE ANALYSIS

Range			No of Holders	Percent	Unit	Percent
1	-	500	17,825	30.0064	5,045,211	0.1681
501	-	5,000	32,426	54.5855	55,415,285	1.8462
5,001	-	50,000	8,074	13.5934	111,764,553	3.7235
50,001	-	500,000	915	1.5403	120,785,870	4.024
500,001	-	5,000,000	126	0.2121	182,464,323	6.0789
5,000,001	-	50,000,000	30	0.0505	524,994,833	17.4905
50,000,001	-	500,000,000	6	0.0101	1,309,564,266	43.6289
500,000,001	-	3,001,600,004	1	0.0017	691,565,663	23.0399
Grand Total			**59,404**	**100**	**3,001,600,004**	**100**

12. EMPLOYMENT OF DISABLED PERSONS

It is the Company's policy not to discriminate against disabled persons.

13. DONATIONS AND CHARITABLE GIFTS

During the year 2013, the Company undertook Corporate Social Responsibility (CSR) initiatives and made donations amounting to N194,800,000. Details are provided as follows:

Community Development Project, Donations & Charitable Gifts	Amount in Naira (N)
Community Development Projects (Ewekoro)	99,000,000
Community Development Projects (Sagamu)	90,000,000
Nigerian Immigration Service, Abeokuta	100,000
Lafarge Books on Wheels Programme in partnership with Ovie Brume Foundation	3,500,000
Youth Empowerment Initiative in partnership with Gemstone Development and Management Company	1,500,000
LEAP Africa	250,000
Fair Life Africa Foundation	250,000
Brand Journalists Association	200,000
Nigerian Union of Journalists (Ogun State branch)	200,000
Total	**194,800,000**

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

14. 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.

15. SUSTAINABILITY REPORT

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

The Company's sustainability and responsibility strategy therefore focused on three main pillars in line with the Lafarge Group's 2020 Sustainability Ambitions of Building Communities, Building Sustainably and Building the Circular Economy. The Company ran several programs in line with the objectives with focus on volunteerism, affordable housing, increase in sustainable products and services, use of non-fossil fuels amongst others.

16. 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 54th Annual General Meeting held in Lagos on 28th May 2013 comprising three Directors and three shareholders namely Chief (Dr.) Joseph Sanusi, Mr. Mobolaji Balogun, Mr. Alfred Amobi and Mr. Olawale Oyedele, Chief Peter Asu and Mr. Adeleke Adebayo.

17. AUDITORS

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

BY ORDER OF THE BOARD

UZOMA UJA (MS.)
FRC/2012/NBA/00000001645
Company Secretary/Legal Counsel
Dated this 18th day of March 2014

EXECUTIVE MANAGEMENT TEAM

Joseph Hudson
Managing Director/CEO

Alfred Amobi
Finance Director/CFO

Geoffrey Ndugwa
GM, Innovation & Technical Development

Jerzy Sobola
Plant Manager, Sagamu

Jean-Pierre Curutchet
Plant Manager Ewekoro II

Terriere Thierry
Plant Manager, Ewekoro I

Enitan Oyenuga
GM, Human Resources

Olufemi Ransome-Kuti
GM, Supply Chain

Lanre Opakunle
GM, Industrial Performance

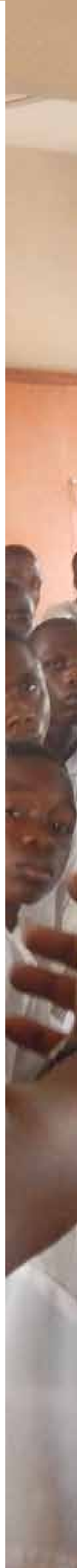
Sam Ndionyenma
GM, Sales and Customer Services

Michael Awanayah
GM, Business Transformation

Uzoma Uja
Company Secretary/Legal Counsel

3

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY



HEALTH AND SAFETY

During the opening ceremony of the 2013 Health and Safety Month Programme, the MD/CEO, Mr. Joe Hudson and the team committing to mastering health and safety at home and at work.

In line with the Lafarge Group's Commitment, the Health and Safety landscape in Lafarge Cement WAPCO Nigeria Plc has changed significantly over the years. The Company has made very positive strides in the last few years in its pursuit of achieving zero accidents and zero occupational illness.

The year 2013 was a challenging year in terms of road safety for our Company, in spite of the challenges, the Company was among the very few Business Unit (BU) within the Lafarge Group that achieved its 2013 Lost Time Injury Frequency Rate (LTIFR) targets of 0.00 for both Employee and Contractor workers, translating to over 76% improvement against the 2012 performance of 59.6%. The LTIFR contractors still remained at 0.00 for three consecutive years running.

The Company recorded two road transport related fatalities in 2013 highlighting the need for continuous and more comprehensive actions to improve Road Transport Safety. Focus on industrial safety management yielded excellent results. Ewekoro Plant recorded the highest number of first aids and medical incidences year to date for employees while Sagamu Plant and Ewekoro Plant recorded the highest percentage in terms of contractors First Aids, the two plants continued to enjoy very low number of incidents. However, the Company's overall Year to date Lost Time Injury Frequency Rate was still at 0.00 per 2.404 million man hours for Lafarge Employees and 0.00 per 5.148 million man hours for Industrial On site Contractor Staff despite increased risk exposure when compared with previous year. LTIFR for Lafarge employee was 3.33 while that of Contractor Employees on site was 2.33. Our main focus in 2014 will be on Road Transport Safety and Industrial Hygiene.

HEALTH AND SAFETY MANAGEMENT SYSTEM AUDIT (HSMS)

To ensure that the Company's Plants are safe and comply with the Lafarge Group standards, Ewekoro and Sagamu Plants were audited by the Country Auditors using the Lafarge Group's new audit protocol:

1. Sagamu Plant=2.54/4.00, which is 63.50%
2. Ewekoro Line 1= 2.86/4.00, which is 71.5%
3. Ewekoro Line 2=2.47/4.00, which 61.75%

ROAD SAFETY

Delivery distance covered in the year under review was 25,077,576 million kilometers to move 3.4million metric tons of cement across the country. Increased frequency of road patrols to monitor drivers activities was done.

Thierry Terrierre Plant Manager, Ewekoro I with members of Staff at a Training Session.

HEALTH AND SAFETY

Transporters were audited and actions followed up and defensive driving training conducted for drivers. A road safety awareness campaign on driving safety during the Christmas and New year season was held in both Plants.

Operation 'Free-the Highway':

This program was geared towards ensuring that all Lafarge logistics vehicles were not indiscriminately parked along our highways. This was a predominant case in Ewekoro operations and the program was successful at discouraging the practice.

Transporters' Forum:

In addition to the monthly transporters engagement across the comapny, Transporters' Forum was organised to bring all location transporters together in a common venue. This forum enabled communication of the Company's Safety expectations.

Road safety statistics were reviewed with the transporters towards the end of the year, with the aim of preparing them for 2014. The new approach to Defensive Driving and scope of the new Drivers Driving Academy were unfolded.

'Ember Month Campaign':

Fuelled by the spate of road crashes linked with the season, the "Ember" months campaign was plugged into, to ensure that the 2013 Road Safety ambition remain unaltered by reckless driving, fatigue, over-speeding and all other road safety violations. Also the need to meet unrealistic targets at all cost amongst others, was re-cascaded to all Transporters and their drivers. Achieved by moving around Transporters sites, the program recorded the support of the Federal Road Safety Commission and the Nigerian Police Force amongst other federal agencies.

Road Patrol Engagement:

This engagement yielded result as the Executive Management showed their commitment in Road Safety. Several engagement sessions were championed by Executive Management to drive a safer road culture amongst the drivers.

MD/CEO Awarding Sagamu Plant Manager, during the closing ceremony of health and safety month.

Sunday Ikeji from Sagamu Plant receiving an award from MD/CEO

Occupational Health:

Industrial hygiene survey was carried out in all the Plants in 2013 by SGS consultant, a lot of actions were put in place to ensure that.

In 2013, we continued to improve, using the risk based management approach to focus on Housekeeping, Road Transport Safety, Energy Isolation, Occupational Health Risk Management, Work at Height and consolidating on the progress made so far towards changing the safety culture mindset of our workers.

For Lafarge Cement WAPCO to achieve sustainable results in Health and Safety, and for us to move to the next level, the main focus of the Company would be: developing our people to improve their competency level , to take ownership and be visible at site.

ENVIRONMENT

Wood chipper in Sagamu plant

LAFARGE WAPCO AND THE CLIMATE CHANGE INITIATIVE

Clean Development Mechanism

In 1979, the first World Climate Conference was held and in 1997, the Kyoto Protocol was adopted by consensus by industrialized countries in limiting green house gas emissions through establishment of new technologies, methods of energy production, consumption and efficiency. So far, over 200 countries including Nigeria have ratified the protocol.

Through the Kyoto Protocol, Clean Development Mechanisms (CDMs) were created to encourage developed countries to invest in clean technology projects in emerging countries in order to reduce greenhouse gas emissions (especially CO2). Once it is accredited, a project to reduce gas emissions gives entitlement to emissions credit.

In line with this strategic initiative, Lafarge WAPCO joined the pioneers of CDM in Nigeria by registering the country's seventh CDM project in 2013 by developing avenues of utilizing clean energy in cement production. The Company CDM is a first in the country's cement industry and it marks a major step in Lafarge Group's Sustainability ambition 2020 of using 50% of non-fossil fuels in the cement production process, 30% being biomass.

Reducing Emissions

Sustainable construction is an approach to construction, which minimizes the CO2 footprint, reduces the consumption of finite natural resources including water and energy and decreases emissions all along buildings' life-cycle. The Company has invested in its Sagamu cement plant so that its kilns are able to lose biomass an alternate fuel.

Lafarge WAPCO has significantly demonstrated that it is committed to the development of clean sustainable energy for its operations in its effort to align with the Lafarge Group's objective of reducing CO2 emissions from its activities. The year witnessed increased combustion of biomass waste (palm kernel shell and wood chips) from 2,000 tons in 2012 to 7,000 tons in 2013 representing a corresponding increase in fossil fuels substitution rate in the company from 0.4% in 2012 to 1.7% in 2013. Consequently, we expect the substitution rates to increase in the coming years.

In the coming year, various actions geared towards implementing a robust alternative fuel road map are being conceptualized which will lead to a significant increase in alternative fuel use in the cement plants at Sagamu and Ewekoro.

Social-Economic Benefits

As rightly envisaged, Lafarge WAPCO's alternative fuels initiative has added value to the local economies due to its socio-economic benefits. To a great deal, it leverages on the rich agrarian potentials of the country bringing forth innovation in collection, treatment and transport of biomass waste, especially palm kernel shell, a waste from the palm oil process. The entire biomass-to-fuel supply chain (collection to transportation) has created a new industry and provided jobs within the local populations where the biomass waste abounds.

Sustainable construction is not just a fashionable trend but it is a wave impacting the construction industry and if sustained, will have a tangible positive impact on our environment and local economies in the future.

Ewekoro captive tree plantation

HUMAN RESOURCES AND PEOPLE DEVELOPMENT

OUR PEOPLE

Lafarge Cement WAPCO Nigeria Plc is an equal opportunity employer in keeping with the Lafarge Group standards and global best practice. The company does not discriminate in its hiring and employment policies with respect to gender, race, religion or physical disabilities. All qualified applicants are given equal opportunities to contest for available employment opportunities within the organization. In the year under review, over 60 new hires were engaged to fill various positions across the business while over 800 full time employees were in employment across the organization.

Lafarge WAPCO's open culture allows employees to collaborate across fuctions and locations.

EMPLOYEE HEALTH AND SAFETY

The safety and wellbeing of our employees is of utmost importance to us and is the number one priority for Lafarge. In line with this priority, the company provides medical care for its employees and their families through fully equipped on-site clinics in the plant locations or HMO (Health Maintenance Organisation) care for its Head Office staff.

An ergonomy survey was done during the course of the year and recommendations for improvement such as change in chair design and redesign of work stations for some employees and continuous coaching was implemented.

As part of the Company's annual Customer Awards ceremony, a free health assessment was conducted for our customers, including awareness sessions on blood pressure management and distribution of blood pressure monitors to participants.

The company's policy on HIV/ AIDS includes non–disclosure and non–discrimination. In addition to annual counseling and testing services available across site through NIBUCCA (Nigeria Business Coalition Against AIDS)- a non-governmental organization, employees are also encouraged to visit government designated centers for voluntary counseling and testing services.

CAPABILITY AND TALENT DEVELOPMENT

In line with the Company's commitment to growing and developing its people, capability building and talent development was a major focus for the organization in the year. In order to increase the number of technical skills at the Plants, we partnered with key technical institutions to identify and select craftsmen during the course of the year.

We also partnered with specialist technical institutions including Nigeria Machine Tools, Oshogbo and Gateway Industrial and Petro – Gas, Onne to train mechanical craftsmen within the Company in a one month up-skilling program.

The Company continued to invest in technical apprenticeship in 2013. 12 trainees are currently undergoing the 18-month practical training program. A partnership to further enhance the scheme was entered into with the Nigerian Employers Consultative Association (NECA) in collaboration with the Industrial Traning Fund (ITF). This partnership will further build capacity within and facilitate the development of vocational skills in the Company.

The year was also marked by the launch of a leadership development programme in collaboration with the Lagos Business School (LBS) aimed at equipping both high potential mid-level and senior managers with critical leadership skills.

In a bid to further develop local talent and expose them to the Lafarge Group standards and best practices, a number of employees embarked on short term assignments to other Lafarge Business Units.

3

HUMAN RESOURCES AND PEOPLE DEVELEOPMENT

General Manager, Human Resources, Enitan Oyenuga with the winner of 'Catching the Train' competition during the company's annual 2013 Sports Day event for employees and families.

EMPLOYEE RELATIONS

In 2013, the Company continued to maintain a robust employee relations platform and enjoyed peaceful industrial relations throughout the year.

The Company is represented at the industry and national union levels. In-house union and associations exist to represent the diverse interest of employees, while management through its appointed representatives, maintain a cordial relationship using formal and informal forums as may be required.

The Company continues to use the quarterly forums with Joint Consultative Committee, monthly Plant Communication Meetings and Time Out with the CEO to ensure employee engagement and involvement in critical business issues.

In addition, a platform for young engineers was launched and deployed to further promote engagement and retention of this critical pool of employees.

EMPLOYEE BENEFITS AND RECOGNITION

During the course of 2013, the Company reviewed its sales bonus scheme with the aim of motivating the sales force and driving performance.

In the same vein, a recognition framework was put in place to recognize efforts of employees and teams that have performed exceptionally or exemplified the Lafarge values.

The annual secondary school scholarship entrance examination for employee's children was held. 17 qualified children benefited from the scheme in 2013.

The Company celebrated employees who have meritoriously served for a period of 10 to 35 years. The 2013 Long Service Awards was celebrated in a colorful ceremony: 20 employees in the 10 years category, 12 employees in the 20 years category, 9 employees in the 25 years category, 2 employees in the 30 years category and 1 employee in the 35 years category.

Lafarge WAPCO employees during a training session.

BUILDING BETTER CITIES THROUGH SUSTAINABILITY AND SOCIAL RESPONSIBILITY

L-R: Kunle Dalton-Oke, Temitope Oguntokun, Greg Salami, Michael Awanayah, Joe Hudson, Princess Aramide Gbadamosi (a consultant) and Ade Ojolowo with the plaques symbolizing the three awards including the Most Socially Responsible company in Nigeria won by Lafarge WAPCO at the SERA Awards.

Corporate responsibility is not an empty term. At Lafarge WAPCO, it represents the Company's commitment to the present and future generations in terms of the positive contribution it intends to make to the society. In its quest to build better cities, Lafarge WAPCO is dedicated to a deliberate strategy of sustainable development that combines industrial know-how with performance, value creation for stakeholders, respect for employees and local cultures, diversity, volunteering, health and safety, sustainable products and services, environmental protection, and the conservation of natural resources and energy.

The Company is committed to progress and attentive to the ever-changing needs of local communities, contributing to the improvement of their quality of lives by setting up development programs in the key areas of healthcare, shelter, education and youth empowerment in a sustainable manner.

As part of the Lafarge Group, Lafarge WAPCO has keyed into the implementation of our Sustainability Ambitions 2020 by setting firm targets to make its business more sustainable and to contribute more positively to social and economic development of local communities and the society at large. The Sustainability Ambitions 2020 articulates additional programs which are organized around 34 ambitions based on three pillars of Building Communities, Building the Circular Economy, and Building Sustainably.

BUILDING SUSTAINABLY THROUGH AFFORDABLE HOUSING

To achieve the objective of facilitating access to affordable housing to 2 million people by 2020 at global level, the AFD and the Lafarge Group signed a partnership to develop the Housing Microfinance programme in Africa. Lafarge's action is its business response to the challenges of urbanisation: according to statistics, by 2020, two thirds of the world's inhabitants will be living in towns and cities. Nigeria is now the sixth most populated nation in the world, with its population expected to increase by 30% over the next seven years, to reach 221 million by 2020.The built environment will therefore be at the center of many social and environmental challenges, ranging from poverty, health and quality of life to climate change,

Beneficiaries of Lafarge WAPCO's Affordable Housing Project 'Ile Irorun' during the launch of the programme in Ogun State.

BUILDING BETTER CITIES THROUGH SUSTAINABILITY AND SOCIAL RESPONSIBILITY

IT learning tools - computers and printers - donated to secondary schools in Sagamu Community.

waste management and resource consumption.

In October 2013, Lafarge, in partnership with AFD (French Development Agency), LAPO - the largest microfinance bank in the country, launched a N1.3b affordable housing programme tagged “Ile Irorun”. The initiative was Lafarge’s response to the challenges of urbanization in Nigeria, the most populous country in Africa with housing gap estimated at about 17 million units.

The programme enables low-income families to finance the construction, extension or renovation of their houses thereby helping them to improve their living conditions. The programme currently has 650 beneficiaries while 30,000 Nigerians will benefit from the programme in three years from now.

Prospects under the scheme are identified through the network of branches of LAPO or the distributors of Lafarge, and their loan applications are supported by free technical assistance from Lafarge. This technical assistance enables clients to lower their costs, choose their designs among a catalogue proposed by Lafarge and ensures the quality of the construction through selected construction material retailers.

BUILDING COMMUNITIES

Lafarge believes its success will be greater if its corporate policies and practices enhance not only its own competitiveness but also the social and economic conditions in the communities surrounding its sites. To this extent, the company works with community representatives to develop specific solutions to meet local challenges in the areas of health, education, youth empowerment and shelter.

Lafarge WAPCO has a framework for identifying and partnering with community stakeholders in order to contribute to the socio-economic development of the communities. The communities are involved at all stages of the projects from conception to implementation which ensures a participatory approach to community development. There is an official platform through which the community development projects are executed: at each of our Plants, we have in place Community

From left, Otun of Itori, Alhaji Sikiru Bakare; Chairman, Ogun State Universal Basic Education Board, Mufutau Ajibola; Ogun State Commissioner for Community Development and Cooperative Services, Chief Samuel Aiyedogbon; MD/CEO Lafarge Cement WAPCO, Joe Hudson and Baale of Egbado, Ajegunle, Chief Oniyitan cutting the ceremonial ribbon to commission a block of three classrooms and office provided by Lafarge WAPCO to Christian Pelamont Memorial Baptist School Annex in Egbado Ajegunle, Ewekoro.

BUILDING BETTER CITIES THROUGH SUSTAINABILITY AND SOCIAL RESPONSIBILITY

Development Committees comprising Lafarge executives and reputable members endorsed by the community leaders to represent the communities. The committees meet regularly to discuss issues of common interest and monitor implementation of community projects.

At Lafarge WAPCO, we hold the view that involvement in the life of the communities in which we operate helps us build long-term relationships. Between 2006 and 2013, Lafarge WAPCO has expended a sum of NGN1.04 billion on different projects aimed at the development of its host communities.

In 2013, NGN189 million was spent on the following developmental projects where our Plants are located:

Education:

Ewekoro

- Bursary awards for 120 indigent students at various tertiary institutions
- Donation of 101,600 exercise books to primary and secondary schools

Sagamu

- Bursary awards for 100 indigent students at various tertiary institutions
- WAEC/NECO coaching for final year students in public schools
- Donation of 176,000 exercise books to public primary schools
- Donation of resources to the Braille Training School and Nigeria Association for the Blind, Remo
- Presentation of awards to the 2 best students in each of the 5 batches of the 2013 IT training courses

Reading session with pupils of Archbishop Taylor Memorial Nursery and Primary School, Lagos.

Health, Safety & Environment

Ewekoro

- Provision of ambulance and medical supplies to Ewekoro Health Center

Sagamu

- Donation of Refractometer to OOUTH
- Public enlightenment on personal health care, safe motherhood, safe environment, road safety and effective domestic and industrial waste management
- Donation of medical items to the Primary Health Center, Ajaka

Youth Empowerment

Ewekoro

- Empowerment of 110 youths with various tools and equipment in their chosen vocational fields

Sagamu

- Expanded skills acquisition and empowerment scheme – supporting apprentices in various technical/vocational trades with equipment and tools

Agricultural Aid

Ewekoro

- Donation of farming equipment and tools to farmers to ensure food security

Infrastructural Support

Sagamu

- Renovation of 18 classrooms, offices and 3 halls at various Primary Schools across Sagamu LGA
- Rehabilitation of Primary Health Center and Pharmacy Block, Makun

Ewekoro

- Donation of a block of 3 classrooms and one administrative office for Egbado Ajegunle
- Donation of chairs and tables for the classrooms
- Construction of concrete road for Akinbo village

Security

Sagamu

- Donation of 1 Toyota Hilux 4WD

BUILDING BETTER CITIES THROUGH SUSTAINABILITY AND SOCIAL RESPONSIBILITY

EMPLOYEES AS VOLUNTEERS: LAFARGE FRIENDS OF COMMUNITY

The Lafarge Friends of Community (Lafarge FOC) continue to bring value to the Nigerian society by contributing directly to the improvement of urban environments and the development of our local communities. As part of its commitment to the Group Sustainability Ambitions 2020, Lafarge WAPCO has a pool of volunteers across its Sagamu, Ewekoro and Head Office locations that have been supporting the initiatives of the company in the area of corporate social responsibility. Employees on their part are excited because the platform offers them the opportunity to express their values, solidarity, motivation and sense of purpose.

Lafarge WAPCO volunteers - during a cleaning exercise of one of its Host Communities.

In its Sustainability Ambitions 2020, Lafarge is committed to contribute 1 million volunteer hours per year globally to different initiatives. Last year, Lafarge WAPCO employees contributed 770 hours to different projects in the company's CSR priority areas: education, youth empowerment, shelter and health. Some specific activities include the Lafarge Book on Wheels (BOW) programme, mentoring initiatives with youths through advisory and career talks, sanitation exercises and many more.

Enhancing Literacy through Lafarge Book on Wheels (BOW)

In partnership with the Ovie Brume Foundation, Lafarge WAPCO launched the Book on Wheels (BOW) Programme, a mobile reading workshop targeted at reaching public primary school children in selected Lafarge sites. The programme which uses tested approaches, such as mobile reading, child-centered activities and volunteers to engage children in reading sessions aims to improve literacy levels amongst primary school aged children. BOW is run completely by Lafarge volunteers who go into select schools to develop students' reading interests, enthusiasm as well as improving their vocabulary through studying short story books by local authors. Lafarge WAPCO volunteers are currently supporting about 200 pupils from the Archbishop Taylor Memorial Nursery/Primary School, Victoria Island, Lagos; Christian Pelamorges Baptist Primary School, Agbesi, Ewekoro and Oba Sonariwo Nursery/Primary School, Sagamu.

Preparing Tomorrow's Future Leaders

A mentoring and coaching programme using the "17 Secrets of High Flying Students" was also initiated in partnership with the Gemstone Development and Management Company for secondary school students (JSS 1 and SSS 1). Using a mix of mentoring, coaching and career counseling, Lafarge WAPCO employees dedicate time to model students to achieve leadership and academic excellence. Lafarge WAPCO volunteers have been impacting students of Government Technical College, Agidingbi, Lagos and Remo Divisional High School, Sagamu.

Youth Empowerment and Local Job Creation Initiatives

Lafarge WAPCO is committed to developing and empowering youths in the areas of technical and vocational skills. The Supaset Block Makers Empowerment Scheme (BMEP) and the Lafarge Technical Apprenticeship Scheme inaugurated over a year ago have continued to be successful initiatives in helping to build better cities and communities in Nigeria

Lafarge Technical Apprenticeship Scheme

Cement manufacturing operations require specific minimum technical knowledge and competencies among the workforce. The Lafarge Technical Apprenticeship Scheme was designed for young science-based secondary school leavers who are likely to be the fulcrum of future craftsmen in the cement industry. The initiative gives options to bright indigenous young school leavers to

BUILDING BETTER CITIES THROUGH SUSTAINABILITY AND SOCIAL RESPONSIBILITY

Students of Lafarge WAPCO's Apprenticeship Scheme in training at the company's training facility in Ewekoro Training Centre.

choose between a tertiary education and a vocation on which to build their future careers.

The current batch of twelve candidates, selected after a set of written and oral interviews has undergone intensive training and exposure at the Lafarge WAPCO Training Centre in Ewekoro.

The 18-months non-residential program kicked off on 3rd December, 2012 at Ewekoro Training Center. The first week was dedicated to 40 hours of safety training and induction. The next 20 weeks were devoted to basic science based training and workshop practices intermingled with plant visits for practical exposures. Courses taught during this period included Mathematics, Engineering Science, Electrical Technology and Principles, Instrumentation Technology and Principles, Mechanical Technology and Principles, Electrical, Instrumentation and Mechanical Workshop Practices and Principles and Cement Manufacturing Process. Periodic tests and assignments were given to track preparedness of apprentices. Structured examination was administered at the end of the first phase of training in April 2013. Candidates then underwent twelve weeks practical attachment at our Ewekoro I & II plants. On returning to the training center in August 2013, the apprentices specialized in specific fields of Electrical, Automation or Mechanical for the next 20 weeks in both theory and practical. This was followed by another two months intensive plant attachment trainings where apprentices were attached to specific mentors in the 3 Lafarge WAPCO plants and closely monitored by their trainers from the Training Center.

A new set of apprentices should start in May 2014 by which time the first set would have been empowered to start their future careers within or outside Lafarge WAPCO.

The programme has generated much interest and trust among Plants' heads of departments and engineers who have recommended that all our craftsmen should go through it. Also, representatives of the Industrial Training Fund and Nigeria Employers Consultative Association (ITF-NECA) visited the training center workshop and interacted with the Apprentices in August 2013. Impressed by the integrity and intensity of the programme, a co- partnership is being developed between Lafarge WAPCO and ITF-NECA for the sustainability and expansion of the technical apprentices' initiative.

Olubukola Oredipe, one of the Apprentices said recently "Lafarge has helped shaped my focus and desire to succeed in life. I had wanted to go to the university to study Pharmacy before I joined this program. Now I love Instrumentation and always dream of it. I want to make a landmark success in this discipline. Thank you Lafarge

A Lafarge empowered blockmaker, Adeola Osho at his factory in Sagamu.

DRIVING INNOVATION AND DEVELOPMENT IN THE MARKET

SALES AND CUSTOMER SERVICE ACTIVITIES:

Route to Market (RTM) - Key Distributor (KD) Model Update:
The Key Distributorship Scheme was launched in the Company last year. New Key Distributors (KDs) were appointed to run the scheme across the country. This brought about a new dimension in our distribution strategy and Distributor management.

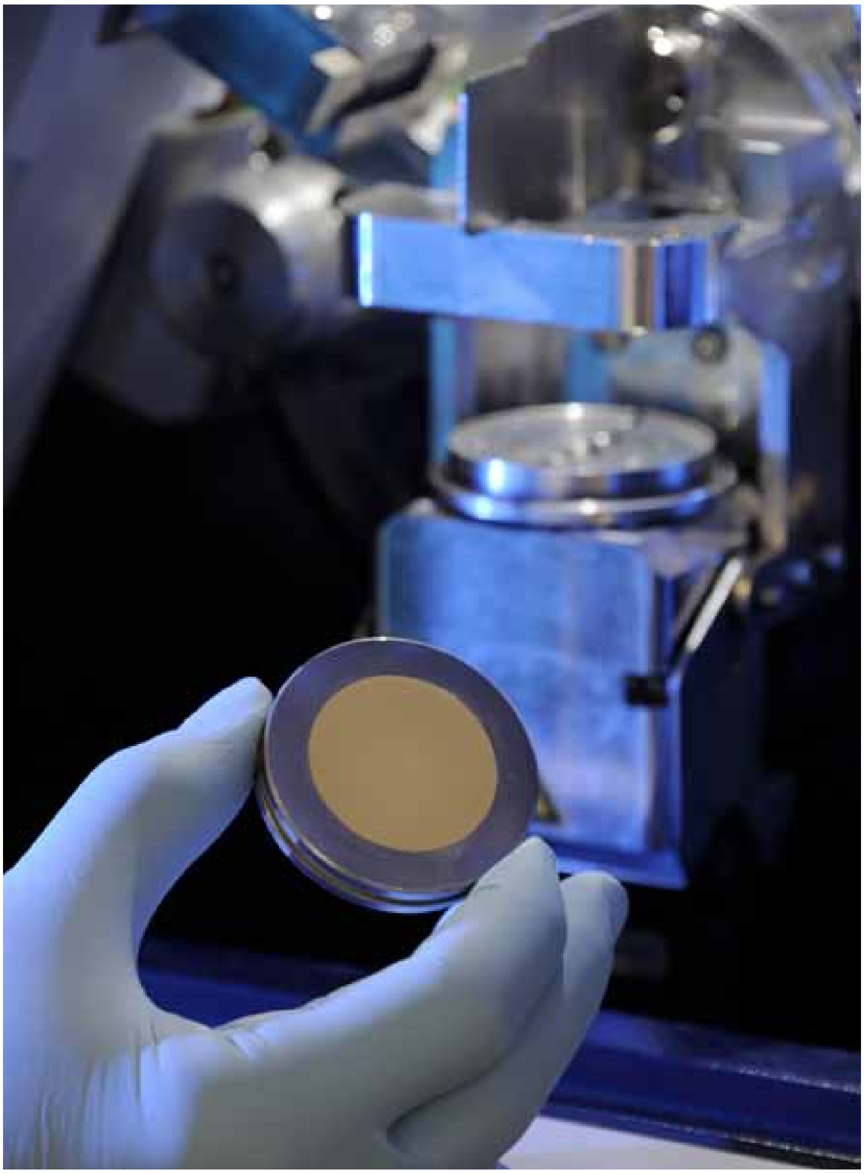
The KD Scheme has achieved to date, better control of our business and improved stock holding capacity of individual Key Distributors. It has enhanced redistribution capacity through provision of smaller trucks to increase availability and penetration of our brands in the retail and block making segments.

There has been improved territory coverage by the army of newly recruited Secondary Sales force of the Key Distributors (KDs sales men) who support secondary distribution in their respective territories.

Other notable gains of the new Key Distributor Scheme are:

- Reduction in the number Lafarge WAPCO owned depots, leading to cost savings.
- KDs now own and manage their warehouses. This has reduced cost but increased our stock holding space.
- Increase in redistribution trucks owned and run by KDs to enhance secondary distribution, retail penetration and improved coverage.

In addition, since the KD launch last year, the business has witnessed increased end user engagements and penetration.



The KD scheme will continue to support the business to harness market opportunities.

Customer Service:

- As part of our vision to remain accessible and remain an excellent solution provider to our customers and consumers, we have commissioned Our Customer Value Centre located within our Oregun property in Lagos State. This is in line with our ambition to provide differentiated value to our esteemed customers.
- The high end technology installed will provide various types of solutions/value to

MARKETING

customers and consumers about the following amongst others:
- o Information on Lafarge,
- o Request to Lafarge on products and services.
- o Complaint handling and resolution for Customers,
- o On time, real time Cash to Order processing within 24 hours of payment,
- o Multilingual Regional Agents to address customers needs
- o Customer relationships for inbound, outbound and loyalty programs for Lafarge

- Our Mobile Service project is 85% completed. This, when fully activated, will provide our Customers with top end information on every transaction in their account with us. Transactions such as payments, Sales orders generated and Dispatches to their orders. Every customer will be alerted once each transaction takes place.

- Our Customer Relationship Management (CRM) project is almost completed. This project when fully in place will create a platform to serve our customers better by providing:
- o Quality information,
- o Resolution of issues faster,
- o Speedy response to customer requests, and
- o Excellent database for Management information
- o The reporting tool will support Sales team at improving their effectiveness

- Our Customer Service activities will continue to cover both inbound and outbound operations.

Direct Market Activation to support Key Distributors.

We are committed to achieving excellence in customer service delivery.

Marketing Research
- Customer Satisfaction Survey (CSS) conducted and result out in June 2012
- Organised focus group discussions with Blockmakers & Retailers to gain market insight
- Key learning from survey & focus group taken into consideration in formulating strategies for 2014 and beyond

Marketing Support Activities

Contractor segment:
- Breakfast Meeting with CEOs – February 2013:
  As part of our effort to strengthen our relationships and partnerships with frontline contractors, we organised a series of fora that availed us the opportunity to directly engage with top executives of our high value customers. The first of these is a breakfast meeting with CEOs. The meeting provided networking and experience sharing opportunities for all participants.
- Democracy Day Out with Lafarge - May:
  The activity was designed to strengthen relationships and partnerships with top / middle cadre of our frontline customers (contractors). The event was characterized with sporting

Commissioning of a Key Distributor Outlet (Tola Cement at Ibadan).

MARKETING

EVP Operations/Country CEO Lafarge Nigeria/Republic of Benin, Guillaume Roux (middle) on a market visit with members of the Sales Team in Ajah.

activities and fun games. It provided all invited (staff and client) the opportunity to bond, network and discuss business in a relaxed environment.

Distribution (Trade) segment

- Direct Market Activations:
  We organised a direct marketing activations tagged "Display and Win". This was a platform used to reward the (1) trade (retailers) for product availability & shelf display, (2) blockmakers for product usage and loyalty to Lafarge brands. Activations were held around Lagos, Ogun and Oyo States. Overall, we used the platform of activation to educate and reward the trade via product demonstration and raffle draws.

  The activation platform was also used to create awareness for the Affordable Housing project (Ile Irorun).

- Key Distributors Outlet Branding & Establishment Activations - August:
  Sequel to the formal launch of the Key Distributors' (KD) scheme in May 2013, we commenced branding of all KDs outlets. The outlet branding scope includes; painting of the KD office and warehouse, signage, flags, snapper frames and branding of delivery vehicles.

  With the outlet branding project, we've been able to improve brand visibility, by creating unique identification (differentiation) for KDs, while also providing activation platform for bonding and affinity between the different levels of our channel partners.

  In addition, through the establishment activation, we formally introduce KDs to key stakeholders (block makers, retailers, wholesalers) within their respective territories.

- Blockmakers and Artisans Engagements with SON: In collaboration with Standards Organisation of Nigeria (SON), a number of enlightenment programmes was organised for blockmakers in Atan, Ekiti, Ibadan and with Terrazo workers Association in Abeokuta.

Innovation

Product Development

- Product design and market testing of RoadCem (a new product) was successfully completed.
- Product application training course held for Sales force effectiveness in July 2013. (the session was facilitated by a Specialist from Industrial Performance Team in Cairo).

F

FINANCIAL STATEMENTS

Deloitte.

REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF LAFARGE CEMENT WAPCO NIGERIA PLC

Report on the Financial Statements
We have audited the accompanying consolidated financial statements of Lafarge Cement WAPCO Nigeria Plc. and its subsidiary which comprise the statement of financial position as at 31 December 2013, statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows, statement of value added and financial summary, a summary of significant accounting policies and other explanatory information set out on pages 59 to 110.

Directors' Responsibility for the Financial Statements
The Directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Companies and Allied Matters Act CAP C20 LFN 2004, the Financial Reporting Council of Nigeria Act No 6, 2011, the International Financial Reporting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Lafarge Cement WAPCO Nigeria Plc. and its subsidiary as at 31 December 2013, and the financial performance and cash flows for the year ended 31 December 2013 in accordance with the Companies and Allied Matters Act CAP C20 LFN 2004, the Financial Reporting Council of Nigeria Act No 6, 2011, and the International Financial Reporting Standards.

Augustine Nkwume, FCA - FRC/2013/ICAN/00000000839
for: **Akintola Williams Deloitte**
Chartered Accountants
Lagos, Nigeria
18 March 2014

REPORT OF AUDIT COMMITTEE

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

i. We have reviewed the scope and planning of the audit requirements.

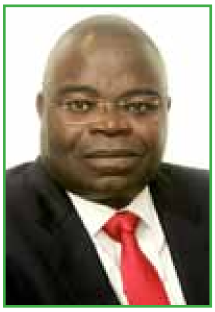
ii. We have reviewed the External Auditors' Management Letter for the year ended together with Management's responses.

iii. We also ascertained that the accounting and reporting policies of the Company for the year ended 31st December 2013 are in accordance with legal requirements and agreed ethical practices.

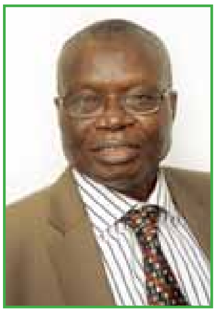
In our opinion, the scope and planning of the audit for the year ended 31st December, 2013 were adequate and Management's responses to the Auditors' findings were satisfactory.

Dated 17th day of March 2014

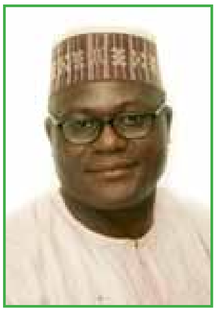
O. O. Oyedele
FRC/2013/CIIN/00000001622
Chairman, Audit Committee



Mr. Olawale Oyedele
Chairman

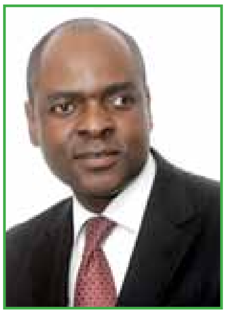


Chief Peter Asu
Member



Mr. Adebayo Adeleke
Member

Chief (Dr.) Joseph Sanusi
Director



Mr. Mobolaji Balogun
Director

Mr. Alfred Amobi
Finance Director/CFO

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE PREPARATION AND APPROVAL OF THE FINANCIAL STATEMENTS

for the year ended 31 December 2013

The Directors of Lafarge Cement WAPCO Nigeria Plc are responsible for the preparation of the consolidated financial statements that present fairly the financial position of the Group and company as at 31 December 2013, and the results of its operations, cash flows and changes in equity for the period ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

In preparing the financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company's financial position and financial performance; and
- making an assessment of the Group's ability to continue as a going concern.

The Directors are also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Group and company;
- maintaining adequate accounting records that are sufficient to show and explain the Group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and company, and which enable them to ensure that the financial statements of the Group and company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Group and company; and
- preventing and detecting fraud and other irregularities.

The consolidated financial statements of the Group and company for the period ended 31 December 2013 were approved by management on 18th March 2014.

On behalf of the Directors of the Group

Chief Olusegun Osunkeye (OFR, OON)
Chairman
FRC/2012/ICAN/00000000224

Joseph Hudson Esq.
Managing Director/CEO
FRC/2013/CIPMN/00000001665

Alfred Amobi Esq.
Finance Director/CFO
FRC/2012/ICAN/00000001490

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2013

	Note	Group		Company	
		31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
CONTINUING OPERATIONS					
Revenue	7	98,798,452	87,965,224	97,174,505	87,091,634
Cost of sales	8	(59,969,131)	(55,305,106)	(58,855,766)	(54,683,618
GROSS OPERATING INCOME		**38,829,320**	**32,660,118**	**38,318,739**	**32,408,016**
Sales and Marketing expenses		(888,864)	(625,243)	(855,314)	(603,541)
General and Administrative expenses	9	(6,642,941)	(5,603,678)	(6,438,529)	(5,474,647)
CURRENT OPERATING INCOME		**31,297,515**	**26,431,197**	**31,024,896**	**26,329,828**
Investment income	10	513,530	347,907	513,530	347,907
Other operating expenses	11	(246,527)	(47,638)	(246,527)	(47,638)
OPERATING INCOME		**31,564,518**	**26,731,466**	**31,291,899**	**26,630,097**
Finance costs	12	(3,849,521)	(5,467,046)	(3,848,816)	(5,466,092)
INCOME BEFORE TAX		**27,714,997**	**21,264,420**	**27,443,083**	**21,164,004**
Income tax	13	552,187	(6,552,744)	579,117	(6,552,744)
NET INCOME FROM CONTINUING OPERATIONS		**28,267,183**	**14,711,676**	**28,022,200**	**14,611,260**
Of which, attributable to:					
Owners of the Company		28,267,183	14,711,676		
OTHER COMPREHENSIVE LOSS					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit obligation		(75,571)	(278,899)	(75,571)	(278,899)
Income tax relating to above		22,671	83,670	22,671	83,670
OTHER COMPREHENSIVE LOSS		**(52,900)**	**(195,229)**	**(52,900)**	**(195,229)**
TOTAL COMPREHENSIVE INCOME		**28,214,284**	**14,516,447**	**27,969,300**	**14,416,031**
Total comprehensive income attributable to:					
Owners of the Company		28,214,284	14,516,447		
Earnings per share	**14**				
Basic (kobo)		942	490	934	487
Diluted (kobo)		942	490	934	487

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2013

	Note	Group 31/12/2013 N'000	Group 31/12/2012 N'000	Company 31/12/2013 N'000	Company 31/12/2012 N'000
ASSETS					
Non current assets					
Property, plant and equipment	16	125,169,673	128,094,873	123,128,764	127,275,266
Intangible assets	17	18,188	5,964	-	-
Investment in subsidiary	18	-	-	50,000	50,000
Other financial assets	19	-	40,000	-	40,000
Total non current assets		**125,187,861**	**128,140,837**	**123,178,764**	**127,365,266**
Current assets					
Inventories	20	11,736,431	12,933,476	11,645,619	12,880,397
Trade receivables	21	1,135,867	450,980	1,234,463	593,022
Other receivables and prepayments	22	2,601,512	1,531,027	3,602,695	1,991,181
Cash and cash equivalents	23	20,420,040	8,892,313	20,205,376	8,825,753
Total current assets		**35,893,850**	**23,807,796**	**36,688,153**	**24,290,353**
TOTAL ASSETS		**161,081,711**	**151,948,633**	**159,866,917**	**151,655,619**
EQUITY & LIABILITIES					
Equity					
Share capital	24	1,500,800	1,500,800	1,500,800	1,500,800
Share premium		9,488,747	9,488,747	9,488,747	9,488,747
Retained earnings	25	82,331,612	57,666,347	82,001,544	57,581,264
Other reserves	26	(349,426)	(296,526)	(349,426)	(296,526)
Total equity		**92,971,733**	**68,359,369**	**92,641,665**	**68,274,285**
NON CURRENT LIABILITIES					
Borrowings	27	8,441,880	32,921,478	8,441,880	32,921,478
Retirement benefits obligation	28	3,754,500	3,592,387	3,754,500	3,592,387
Deferred tax	29	14,255,644	13,845,905	14,241,070	13,845,905
Provisions	30	663,898	535,694	640,498	535,694
Deferred revenue	31	812,808	842,912	812,808	842,912
Total non current liabilities		**27,928,730**	**51,738,376**	**27,890,756**	**51,738,376**
Current liabilities					
Trade payables	32	15,401,561	17,334,821	14,689,870	17,153,889
Other payables	33	9,971,098	7,608,297	9,859,173	7,581,298
Provisions	30	984,736	552,485	973,956	552,485
Borrowings	27	13,069,412	4,384,444	13,069,412	4,384,444
Deferred revenue	31	30,104	30,104	30,104	30,104
Current tax payable	34	724,337	1,940,738	711,982	1,940,738
		40,181,248	**31,850,889**	**39,334,496**	**31,642,958**
TOTAL EQUITY AND LIABILITIES		**161,081,711**	**151,948,633**	**159,866,917**	**151,655,619**

The accompanying notes are an integral part of these consolidated financial statements.

These financial statements were approved and authorised for issue by the Board of Directors on 18 March 2014 and were signed on its behalf by:

Chief Olusegun Osunkeye (OFR, OON)
Chairman
FRC/2012/ICAN/00000000224

Joseph Hudson Esq.
Managing Director/CEO
FRC/2013/CIPMN/00000001665

Alfred Amobi Esq.
Finance Director/CFO
FRC/2012/ICAN/00000001490

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at 31 December 2013

A. Group

	Share capital N'000	Share premium N'000	Retained earnings N'000	Other reserves N'000	Total equity N'000
Balance as at January 1, 2012	1,500,800	9,488,747	45,205,871		56,195,418
Net income for the year			14,711,676		14,711,676
Other Comprehensive loss				(296,526)	(296,526)
Dividends paid			(2,251,200)		(2,251,200)
Balance as at December 31, 2012	**1,500,800**	**9,488,747**	**57,666,347**	**(296,526)**	**68,359,368**
Net income for the period			28,267,183		28,267,183
Other Comprehensive loss				(52,900)	(52,900)
Dividends paid			(3,601,920)		(3,601,920)
Balance as at December 31, 2013	**1,500,800**	**9,488,747**	**82,331,611**	**(349,426)**	**92,971,732**

B. Company

	Share capital N'000	Share premium N'000	Retained earnings N'000	Other reserves N'000	Total equity N'000
Balance as at January 1, 2012	1,500,800	9,488,747	45,221,204	-	56,210,751
Net income for the year			14,611,260		14,611,260
Other Comprehensive loss				(296,526)	(296,526
Dividends paid			(2,251,200)		(2,251,200)
Balance as at December 31, 2012	**1,500,800**	**9,488,747**	**57,581,264**	**(296,526)**	**68,274,285**
Net income for the period			28,022,200		28,022,200
Other Comprehensive loss				(52,900)	(52,900)
Dividends paid			(3,601,920)		(3,601,920)
Balance as at December 31, 2013	**1,500,800**	**9,488,747**	**82,001,544**	**(349,426)**	**92,641,665**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASHFLOWS

for the year ended 31 December 2013

	Note	Group 31/12/2013 N'000	Group 31/12/2012 N'000	Company 31/12/2013 N'000	Company 31/12/2012 N'000
Income from continuing operations		**28,267,185**	**14,711,676**	**28,022,200**	**14,611,260**
Adjustment to reconcile net income to net cash from operating activities:					
Depreciation		5,674,125	4,900,394	5,487,165	4,830,917
Assets written down		-	329,125	-	329,125
Loss/(Gains) on disposals		13,082	(2,405)	13,082	(2,405)
Finance cost		3,633,474	5,093,934	3,632,768	5,092,981
Investment income		(513,530)	(347,907)	(513,530)	(347,907)
Income taxes		1,212,700	964,943	1,185,771	964,943
Others	35	(759,762)	4,542,462	(799,441)	4,519,932
Change in operating working capital items, excluding financial expenses and income taxes	35	(129,564)	(3,615,088)	(1,206,454)	(3,975,644)
Net cash used in operating activities before impacts of financial expenses and tax		37,397,710	26,577,134	35,821,560	26,023,202
Cash payments for financial expenses		(219,754)	(643,353)	(219,049)	(642,400)
Income taxes paid	34	(238,658)	(964,943)	(231,803)	(964,943)
NET CASH GENERATED FROM OPERATING ACTIVITES		**36,939,298**	**24,968,838**	**35,370,708**	**24,415,859**
Capital expenditures		(3,443,127)	(5,748,177)	(2,022,640)	(5,193,451)
Interest income		246,152	268,051	246,152	268,051
Investment income		513,530	347,907	513,530	347,907
Disposals		27,861	9,176	27,861	9,176
NET CASH PROVIDED (USED IN) BY INVESTING ACTIVITES		**(2,655,584)**	**(5,123,043)**	**(1,235,098)**	**(4,568,317)**
Interest paid		(3,359,437)	(4,688,528)	(3,359,437)	(4,688,528)
Dividend paid		(3,601,920)	(2,251,200)	(3,601,920)	(2,251,200)
Repayment of borrowings		(15,794,630)	(15,433,586)	(15,794,630)	(15,433,586)
NET CASH PROVIDED (USED IN) BY FINANCING ACTIVITES		**(22,755,987)**	**(22,373,315)**	**(22,755,987)**	**(22,373,314)**
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**11,527,727**	**(2,527,520)**	**11,379,623**	**(2,525,772)**
Cash and cash equivalents at beginning of year		8,892,313	11,419,833	8,825,753	11,351,525
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**20,420,040**	**8,892,313**	**20,205,376**	**8,825,753**

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2013

1. **BUSINESS DESCRIPTION**

Lafarge Cement WAPCO Nigeria Plc was incorporated in Nigeria on 26 February, 1959 and commenced business on 10 January 1961. The corporate head office relocated from Elephant Cement House, Central Business District, Alausa, Ikeja to 27B Gerrard Road, Ikoyi, Lagos at the end of the year. Lafarge WAPCO is in the business of manufacturing and selling of cement products.

Lafarge Ready Mix Nigeria Limited was incorporated in Nigeria as a fully owned subsidiary of Lafarge Cement WAPCO Nigeria Plc on 21 December, 2010. Lafarge Ready Mix Nigeria Limited is in the business of producing ready mix concrete for the construction industry.

The term 'Group' refers to Lafarge Cement WAPCO Nigeria Plc and Lafarge Ready Mix Nigeria Limited.

The Group has consistently been making profits. The Directors believe that there is no intention or threat from any source to curtail significantly its line of business in the foreseeable future. Thus, these financial statements are prepared on a going concern basis.

These consolidated financial statements cover the financial period from 1 January 2013 to 31 December 2013 with comparatives for the year ended 31 December 2012.

2. **APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)**

2.1 **NEW AND REVISED IFRSS AFFECTING AMOUNTS REPORTED AND/OR DISCLOSURE IN THE FINANCIAL STATEMENTS**

In the current year, the Group has applied some new and revised IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for accounting periods that commence on or after 1 January 2013.

- **Impact of application of IFRS 10**

IFRS 10 replaces the parts of IAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor has control over an investee when

a) It has power over the investee

b) It is exposed, or has rights, to variable returns from its involvement with the investee and

c) Has the ability to use its power to affect its returns.

All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee. Some guidance included in IFRS 10 that deals with whether or not an investor that owns less than 50% of the voting rights in an investee has control over the investee is relevant to the Group.

The Directors of the Company made an assessment as at the date of initial application (1 January, 2013) as to whether or not the Group has control over Lafarge Ready Mix Nigeria Limited in accordance with the new definition of control and the related guidance set out in IFRS 10. The Directors concluded that it has had control over Lafarge Ready Mix Nigeria Limited since it commenced operations in September, 2011 on the basis of its incorporation as a fully owned subsidiary.

- **Impact of the application of IFRS 12**

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013

subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of IFRS 12 has resulted in more extensive disclosures in the consolidated financial statements as detailed in the notes.

- **IFRS 13 Fair Value Measurement**
  The Group has applied IFRS 13 for the current year. IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of IFRS 13 is broad; fair value measurement requirements of IFRS 13 apply to both financial instruments items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 – Share-based Payment, leasing transactions that are within the scope of IAS 17 – Leases, and measurement that have some similarities to fair value.

  IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

  IFRS 13 requires prospective application from 1 January, 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognized in the consolidated financial statements.

- **Amendments to IAS 1 – Presentation of Items of Other Comprehensive Income**
  The Group has applied the amendments to IAS 1 – Presentation of Other Comprehensive Income for the first time in the current year. The amendments introduced new terminology, whose use is not mandatory, for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the "Statement of Comprehensive Income" is renamed as the "Statement of Profit or Loss and Other Comprehensive Income". The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section:

  a) Items that will not be reclassified subsequently to profit or loss and
  b) Items that may be classified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

- **IAS 19 – Employee Benefits (as revised in 2011)**
  All actuarial gains and losses are recognized immediately through other comprehensive income in order for the net pension liability or asset recognized in the consolidated statement of financial position to reflect full value of the plan surplus or deficit. The interest cost used in the previous version of IAS 19 is replaced with a 'net interest' amount under IAS 19 (as revised in 2011), which is calculated by applying

the discount rate to the net benefit liability or asset. In addition, IAS 19 (as revised in 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures. The effect of these changes is reflected in the appendix.

2.2 NEW AND REVISED IFRSS IN ISSUE BUT NOT YET EFFECTIVE

The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective.

IFRS 9	Financial Instruments
Amendments to IFRS 9 and IFRS 7	Mandatory effective date of IFRS 9 and transition disclosures
Amendments to IFRS 10, 12	Consolidated Financial Statements
Amendments to IAS 12	Offsetting financial assets and financial liabilities

- **IFRS 9 Financial Instruments**
  IFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include the requirements for the classification and measurement of financial liabilities and for de-recognition.

  Key requirements of IFRS 9 are described as follows:

  IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objectives is to collect contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods.

  All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

  Specifically, under IFRS 9, for financial liabilities that are designated as fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

  IFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier adoption permitted. The directors anticipate that the standard will be adopted by the Group's financial statements for annual period beginning 1 January 2015. The application of this standard will not have significant impact on amounts reported in the financial statements.

- **Amendments to IFRS 10, IFRS 1 and IAS 27- Investment Entities**
  The amendments of IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements.

To qualify as an investment entity, a reporting entity is required to:

- Obtain funds from one or more investors for the purpose of providing them with professional investment management services.
- Commit to its investor(s) that its business purpose is to invest funds solely for returns

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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from capital appreciation, investment income, or both.

- Measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities. The Directors of the Company do not anticipate that the investment entities amendments will have any effect on the Group's consolidated financial statements as the Company is not an investment entity.

- **Amendments to IAS 32 - Offsetting Financial Assets and Financial liabilities**
The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of 'currently has a legally enforceable right of set-off' and 'simultaneous realization and settlement'.

The directors of the company do not anticipate that the application of these amendments to IAS 32 will have significant impact on the Group's consolidated financial statements as the Group does not have any financial assets and financial liabilities that qualify for offset.

3. SIGNIFICANT ACCOUNTING POLICIES
The accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise disclosed.

3.1 BASIS OF PREPARATION
The consolidated financial statements have been prepared on the historical cost basis of accounting except for financial instruments that are measured at fair value as explained in the policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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

3.2 BASIS OF CONSOLIDATION
The Group financial statements incorporate the financial statements of the parent company and its subsidiary made up to 31 December 2013. Control is achieved when the company is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Profit or loss and each component of other comprehensive income are attributable to the owners of the Company. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intercompany balances and transactions have been eliminated in consolidation for the fully consolidated subsidiary.

Lafarge Cement WAPCO Nigeria Plc adopted the International Financial Reporting Standard in the 2012 accounting year.

However, the subsidiary company balances consolidated were based on the Nigerian Statement of Accounting Standards. The subsidiary's first audited financial statements based on commencement of operations were for the 16 months ended 31 December, 2012 and were approved in June 2013 for publication.

Lafarge Ready Mix Nigeria Limited is adopting IFRS for the first time for the year ended 31 December, 2013 in line with the IFRS conversion road map in Nigeria. The converted financial statements have been incorporated in these consolidated financial statements. However, in view of the immateriality of the subsidiary balances, the Group 2012 published balances have not been restated. Any impact or adjustment arising from the conversion of the subsidiary balances from Nigerian SAS to IFRS has been reflected in the 2013 Consolidated Financial Statements and reconciliations provided where necessary. See appendix B.

3.3 USE OF ESTIMATES AND JUDGMENTS

In the process of applying the accounting policies, the Directors have made estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the accompanying disclosures and the disclosure of contingent liabilities within the next financial year.

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets and liabilities affected in future projects.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

The key areas of judgment and sources of estimation uncertainty are set out below:

- **Impairment**
  The determination of recoverable amounts of the Cash Generating Units (CGU)/groups of CGUs assessed in the impairment test requires an estimate of their fair value less costs to sell or of their value in use. The assessment of the recoverable value requires assumptions to be made with respect to the operating cash flows of the CGUs/groups as well as the discount rates.

- **Employee Retirement Obligations**
  The actuarial techniques used to assess the value of the defined benefit plan involve financial assumptions (discount rate, rate of return on assets) and demographic assumptions (salary increase rate, employees' turnover rate). The Group uses the assistance of an external actuary in the assessment of these assumptions.

- **Financial Liabilities**
  Financial liabilities have been measured at amortized cost in line with the guidance provisions of IAS 39. The effective interest rate used in determining the amortized cost of the individual liability amounts has been estimated using the contractual cash flows on the loans. IAS 39 requires the use of the expected cash flows but also allows for the use of contractual cash flows in instances where the expected cash flows cannot be reliably determined. However, the effective interest rate has been determined to be the rate that effectively discounts all the future contractual cash flows on the loans including processing, management fees and other fees that are incidental to the different loan transactions.

- **Trade receivables**
  The concentration of credit risk is limited to a customer based with good credit rating and sales are mainly made on a cash basis. Thus, all receivables are within the group's allowable credit period of 30 days. The directors believe that all the receivables are recoverable and as a result, no allowance was made for receivables.

- **Prior year balances**
  Certain balances in these financial statements have been restated. The directors are of the opinion that these balances present a more realistic view and provide more useful information to users of the financial statement as reclassified in the current year (see appendix A:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013

Reconciliation of restated balances).

3.4 REVENUE RECOGNITION
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the 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.

- **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.

3.5 CURRENT OPERATING INCOME
The Group presents the sub-total "Current operating income" in the consolidated statement of profit or loss. This measure excludes those elements of the operating income that are by nature unpredictable in their amount and/or frequency, such as restructuring costs. While these amounts have been incurred in past years and may occur in future, historical amounts may not be indicative of the nature and/or amount of these expenses, if any, in the future. The Group believes that the subtotal "Current operating income" allows to better identify the current operating performance and provides to the users of the financial statements useful information for a predictive approach of the results.

3.6 FINANCE COSTS
These comprise:
- Interest charges relating to borrowings
- Interest income earned on cash and bank balances
- Other expenses paid to financial institutions for financing operations
- Foreign currency exchange gains and losses
- Gains on disposal of available for sale financial assets
- Government grant
- Net interest on employees' defined benefit liability.

3.7 RENTAL INCOME
The Group earns rental income from part of its corporate head office building under lease. The policy for recognition of revenue for operating leases is described in note 3.8.

3.8 LEASES
The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all risks and rewards of ownership to the Group. All other leases are classified as operating leases.

Rentals payable under the operating leases are amortized on a straight line basis over the term of the relevant lease.

3.9 FOREIGN CURRENCY TRANSLATION
In preparing the financial statements of the Group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013

- Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

- Exchange differences on transactions entered into in order to hedge certain foreign currency risks.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's operations are translated in the currency units using the exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used.

3.10 EARNINGS PER SHARE

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

Diluted earnings per share are computed by dividing adjusted net income attributable to the owners of the parent company by the weighted average number of common shares outstanding during the year adjusted to include any potential dilutive common shares.

3.11 INTANGIBLE ASSETS

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

- They are identifiable
- They are controlled by the entity because of past events
- 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 primarily include software costs and are amortized using the straight-line method over their estimated useful lives of three years. This expense is recorded in administrative expenses based on the function of the underlying assets.

3.12 GOVERNMENT GRANTS

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes 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.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in the profit or loss in the period in which they become receivable.

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.

3.13 PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are initially recorded at cost. Costs include professional fees, and for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Buildings are subsequently shown at their revalued amounts based on valuations by external independent valuers, less accumulated depreciation and any accumulated impairment losses. Plant and machinery

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is reviewed internally on the basis of a valuation model prescribed by engineers and consultants at the technical center of the ultimate shareholder. The valuations are carried out approximately once every five years.

In accordance with IAS 17, the Group capitalizes assets financed through capital leases where the lease arrangement transfers to the Group substantially all of the benefits and risks of ownership. Lease arrangements are evaluated based upon the following criteria:

- The lease term in relation to the assets useful lives;
- The total future payments in relation to the fair value of the financed costs;
- Existence of transfer of ownership;
- Existence of a favorable purchase option; and
- Specificity of the leased asset.

Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases. The leased assets are not recognized on the Group's statement of financial position.

All other property and equipment are stated at historical cost less accumulated depreciation less any accumulated impairment losses.

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

Depreciation is calculated on the straight-line basis to write down the cost of each item of property, plant and equipment, or the revalued amount, to its residual value over its expected useful life. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Freehold land is not depreciated as it is deemed to have an indefinite useful life.

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

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the actual proceeds and the carrying amount of the asset and is recognized in the profit or loss in the year in which the disposal or retirement occurs.

3.14 IMPAIRMENT OF ASSETS

Whenever events or new circumstances indicate that the carrying amount of an asset may not be recoverable, an impairment test is performed. The purpose of this test is to compare the carrying value of the asset with its recoverable value. Recoverable amount is determined for CGUs to which the asset belongs.

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

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

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

3.15 INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Inventories of consumables and spare parts are stated at the lower of cost and net realisable value. The cost of consumables and spare parts is the weighted average cost less provision for the obsolete and slow moving items.

In case of manufactured inventories and work in progress, cost includes an appropriate share of production overhead based on normal operating capacity. All other inventories are stated at the lower of cost and net realisable value. The cost includes direct cost and appropriate overheads and is determined on the first-in first-out method.

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

3.16 CASH AND CASH EQUIVALENTS

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

3.17 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized in the Group's statement of financial position when the Group has become party to the contractual provisions of the instrument.

- **Financial assets**

Classification and measurement

The Group classifies its financial assets into the following IAS 29 categories: Loans and receivables, and held to maturity financial assets. Management determines the appropriate classification of its financial instruments at initial recognition. These are measured at their fair values and include trade receivables and short-term investments.

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.

b) Held to maturity financial assets

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity.

Reclassification of financial assets

Reclassifications are accounted for at the fair value of the financial asset at the date of reclassification.

De-recognition of financial assets

Financial assets are derecognized when the contractual rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership of the asset to another entity.

- **Financial liabilities**

Classification and measurement

Financial liabilities within the scope of IAS 39 are classified as loans and borrowings.

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All financial liabilities are recognized at fair value and net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, and borrowings.

a) Loans and borrowings

Loans and borrowings include trade and other payables and borrowings are measured at fair value less any transaction costs.

Borrowings are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount initial recognition.

3.17.1 OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a currently legally enforceable right to set off the recognized amounts and there is an intention to settle on net basis, or realize the asset and settle the liability simultaneously. The Group currently does not have any such set off rights.

3.18 RETIREMENT BENEFITS OBLIGATION

The Group operates a defined contribution pension scheme for eligible employees as stipulated by the Pension Reform Act of Nigeria. The scheme is administered by an independent administration company and is funded by contributions from both employers and the employees. The Group makes contributions based on 15% of employees' basic salary while the employees contribute 7.5% to the pension scheme.

In addition, the Group also operates a defined benefit gratuity scheme for its eligible employees. Benefits are related to the employees' length of service and remuneration. The cost of providing gratuity benefits is determined using the Projected Unit Method, with actuarial valuations carried out at the end of each reporting period in accordance with the provisions of IAS 19 – Employee Benefits, with the assistance of independent actuaries. Remeasurement, comprising actual gains and losses is reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur.

Remeasurement recognized in other comprehensive income is reflected immediately in other reserves and will not be reclassified to profit or loss. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailment and settlements);
- Net interest expense or income
- Remeasurement (actuarial gain or loss)

The Group presents the first two components of the defined benefit costs in profit or loss in the current operating income and finance cost. Curtailment gains and losses are accounted for as past service costs. The retirement benefit obligation recognized in the consolidated statement of financial potion represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of reductions in future contributions to the plans.

3.19 EMPLOYEE ENTITLEMENTS

Employee entitlements to long service awards are recognized when they accrue to employees. The liability for the long service awards is provided for in the employment cost and limited to the cost of benefits awarded.

3.20 PROVISIONS

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

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

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.20.1 RESTRUCTURING PROVISIONS

Restructuring provisions mainly comprise employee termination payments excluding gratuity and are recognized in the year in which the Group becomes legally or constructively committed to payment.

Employee termination benefits are recognized when the entity can no longer withdraw the offer of the termination benefit and any related restructuring costs. Costs related to the ongoing activities of the Group are not provided for in advance.

3.20.2 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 cost of sales. 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.

3.21 INCOME TAXES

- **Current income tax**

  Current income tax assets and liabilities period are measured at the amount expected to be recovered from or paid to the taxation authorities. Current income tax is provided on the basis of the results for the year as shown in the financial statements, adjusted in accordance with tax legislation. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in Nigeria.

  Current income tax relating to items recognized directly in equity is recognized in equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

- **Deferred tax**

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

  Deferred tax liabilities are recognized 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 ventures, 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 recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are only recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

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- 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 ventures, deferred tax assets are recognized 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 loss to the extent that they reverse a revaluation decrease of the same asset previously recognized in profit or loss.

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 utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset only when there is a legally enforceable right to set off the current tax assets against current liabilities and when they relate to the same entity and the same taxation authority, and the Group intends to settle the tax assets and the tax liabilities on a net basis.

4 SIGNIFICANT EVENTS OF THE PERIOD

4.1 TAX RELIEF FROM PIONEER STATUS

During the year, the company received the Production Day Certificate issued by the Nigerian Investment Promotion Commission (NIPC) under the auspices of the Federal Ministry of Trade and Investment approving the grant of Pioneer Status to the new plant at Ewekoro.

The Industrial Development (Income Tax Relief) Decree No. 22, 1971 as amended by Industrial Development Act of 1990 grants tax relief to specified industries as an incentive to encourage further investment and create employment opportunities through expansion in the industry. The effective production day for the new plant is 1 December, 2011.

The total relief received from the tax holiday amounted to N1.3bn in respect of the corporate tax and N2.8bn for deferred tax.

4.2 RESTRUCTURING

During the year, there was a rightsizing exercise carried out in the organization as part of the efficiency initiatives. This gave rise to a restructuring cost of N443m (see note 9) charged directly to the Profit or loss account. The outstanding balance of N14m has been provided for in the short term provisions for employee benefits. The gratuity component of the restructuring cost was charged to the retirement benefits account in line with the provisions already made.

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5 SEGMENT INFORMATION

In accordance with IFRS 8, operating segments, the information presented hereafter by operating segment is the same as that reported to the Chief Operating Decision Maker (the Managing Director/Chief Executive Officer) for the purposes of making decisions about allocating resources to the segment and assessing its performance.

The Group analyses its organizational structure and internal reporting system for the purpose of identifying suitable segment reporting format for the Group. In particular, the Group has identified geographical segments as the primary segment reporting format that is suitable for the Group. Other continuing operations, including the ready mix business have been aggregated as 'Others'.

Specifically, the Group's reportable segments under IFRS 8 are as follows:

- Sagamu
- Ewekoro I
- Ewekoro II
- Others

Group financing, notably treasury process (including finance costs), and income taxes are allocated to segments as far as is practicable to segments.

The accounting policies used for segment information indicators comply with those applied for the consolidated financial statements. The Group accounts for intersegment sales, and transfers if any at market prices.

The Ewekoro II represents the pioneer business and enjoys benefits as disclosed in note 13.

6. SEGMENT REVENUES AND PROFITS

The following is an analysis of the Group's revenue and results from continuing operations by reportable segments.

	Segment revenue		Segment profit	
	31/12/2013 N'000	**31/12/2012 N'000**	**31/12/2013 N'000**	**31/12/2012 N'000**
Sagamu	22,069,568	20,787,167	5,895,047	4,774,514
Ewekoro I	29,819,800	28,593,790	7,965,227	6,567,584
Ewekoro II	44,490,843	37,083,261	13,626,904	9,821,906
Others	2,418,241	1,501,006	227,819	100,416
Total for continuing business	**98,798,452**	**87,965,224**	**27,714,998**	**21,264,420**

Segment revenue reported above represents revenue generated from all customers. The Group has no reliance on any of its customers.

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7. REVENUE

The following is the analysis of the Group's revenue for the year from continuing operations.

	Group		Company	
	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
Sale of goods	98,798,452	87,965,224	97,174,505	87,091,634
The following is the analysis of the revenue by product:				
Cement	96,217,895	86,180,338	97,012,189	86,807,754
Clinker	131,358	129,831	131,358	129,831
Raw Materials	30,958	154,049	30,958	154,049
Concrete	2,418,241	1,501,006	-	-
	98,798,452	**87,965,224**	**97,174,505**	**87,091,634**

8. COST OF SALES

	Group		Company	
	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
Freight	14,825,109	10,492,777	14,703,498	10,416,100
Depot expenses	679,272	672,279	679,272	672,279
Fuel	6,633,260	6,089,391	6,633,260	6,089,391
Power	5,070,303	4,980,226	5,070,303	4,980,226
Raw materials and consumables	16,126,223	15,331,783	15,674,071	15,090,313
Imported clinker utilized	-	3,405,675	-	3,405,675
Production fixed costs	3,473,130	1,999,561	3,218,379	1,784,459
Maintenance fixed costs	4,589,303	3,158,085	4,532,452	3,139,113
General, Social & other fixed costs	3,030,715	4,191,677	2,984,541	4,191,677
Depreciation - plant	5,491,633	4,817,798	5,343,609	4,755,245
Cost of other sales	50,185	165,854	16,382	159,141
	59,969,131	**55,305,106**	**58,855,766**	**54,683,618**

Freight represents the cost incurred by the Group on haulage of the products by hauliers to the customers' desired location.

Raw materials and consumables includes costs of all materials utilised or consumed in the production process as well as costs for all third party quarry and mining services.

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9. GENERAL AND ADMINISTRATIVE EXPENSES

	Group		Company	
	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
Information technology expenses	180,266	266,465	180,266	266,465
General and administrative expenses	3,474,387	3,591,008	3,292,431	3,476,675
Depreciation	166,011	136,040	143,556	121,342
Technical fees	2,822,277	1,610,165	2,822,277	1,610,165
	6,642,941	**5,603,678**	**6,438,529**	**5,474,647**

10. INVESTMENT INCOME

	Group		Company	
	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
Treasury bills	209,053	235,964	209,053	235,964
Fixed term deposits	304,477	111,943	304,477	111,943
	513,530	**347,907**	**513,530**	**347,907**

11. OTHER OPERATING EXPENSES/(INCOME)

	Group		Company	
	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
Other income	(97,321)	(174,072)	(97,321)	(174,072)
Asset written down	-	329,125	-	329,125
Restructuring costs	443,456	-	443,456	-
Rental income	(99,608)	(107,415)	(99,608)	(107,415)
	246,527	**47,638**	**246,527**	**47,638**

Other income comprises of the total monies earned from miscellaneous activities not related to cementitious products including sale of scrap, penalty for lost discs, product shortages (hauliers).

Restructuring costs represents employee termination benefits paid out as a result of our cost reduction plans and re-organization. This does not include the gratuity paid to the employees.

Rental income accrues form the leased portion of the corporate head office building not occupied by the Group.

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12. FINANCE COSTS

	Group		Company	
	31/12/2013 N'000	**31/12/2012 N'000**	**31/12/2013 N'000**	**31/12/2012 N'000**
Financial expenses				
Bank charges	219,754	643,353	219,049	642,400
Interest expense	3,359,437	4,829,051	3,359,437	4,829,051
Loss on disposal of investment	20,000	-	20,000	-
Net interest on defined benefit liability	392,031	372,192	392,031	372,192
	3,991,222	**5,844,596**	**3,990,517**	**5,843,642**
Financial income				
Interest income	(246,152)	(268,051)	(246,152)	(268,051)
Government grant	(30,104)	(30,104)	(30,104)	(30,104)
	(276,256)	**(298,155)**	**(276,256)**	**(298,155)**
Exchange loss/(gain)	134,555	(79,395)	134,555	(79,395)
	3,849,521	**5,467,046**	**3,848,816**	**5,466,092**

Interest expense relates to the interest accruing on borrowings for the related period.

Loss on disposal of investment is in respect of the shares owned by the Group in Nigerian Foundaries Limited disposed during the year.

Net interest on defined benefit liability is based on the actuarial valuations estimate for the period and disclosed in accordance with the requirements of IAS 19R. 2012 balances were reclassified from cost of sales (N260.5m) and general administrative expenses (N111.7m). See Appendix A.

Interest income is earned on current account balances for the period.

Government grant is the portion of income recognised for the period from the CBN/Bank of Industry loan from the Power and Aviation Intervention Fund loan received from the Federal Government in 2011 at below market rate.

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13. INCOME TAX RELATING TO CONTINUING OPERATIONS

13.1 INCOME TAX RECOGNISED IN PROFIT OR LOSS

	Group		Company	
	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
Education tax payable	347,961	483,786	335,606	483,786
Company Income Tax payable	-	1,080,576	-	1,080,576
Tax contingencies	-	315,168	-	315,168
Tax relief (note 13.2)	(1,332,559)	-	(1,332,559)	-
	(984,598)	**1,879,530**	**(996,953)**	**1,879,530**
Deferred tax expense recognised in the period	3,189,629	4,673,214	3,175,055	4,673,214
Tax relief (note 13.2)	(2,757,219)	-	(2,757,219)	-
Total income tax expense relating to current period relating to continuing operations	**(552,188)**	**6,552,744**	**(579,117)**	**6,552,744**

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

Profit before tax from continuing operations	**27,714,997**	**21,264,420**	**27,443,083**	**21,164,004**
Income tax expense calculated at 30%	8,314,499	6,379,326	8,232,925	6,349,201
Effect of income exempt from tax	(5,123,151)	(79,820)	(5,056,151)	(79,820)
Effect of non-deductible expenses	9,635	(28,095)	9,635	(28,095)
Education tax payable	347,961	483,786	335,606	483,786
Tax contingency	-	315,168	-	315,168
Others (see below)	(4,101,131)	(517,620)	(4,101,131)	(487,495)
Income tax expense recognised in profit or loss (relating to continuing operations)	**(552,188)**	**6,552,744**	**(579,117)**	**6,552,745**
Effective tax rate	(2)%	31%	(2)%	31%

The tax rate used for the 2013 and 2012 reconciliations above is corporate tax rate of 30% payable by companies in Nigeria as stipulated in the Companies Income Tax Act CAP 60 LFN 1990.

Included in others are the effect of permanent differences:

Investment allowance	(11,594)	(147,567)	(11,594)	(147,567)
Others	-	(370,054)	-	(339,929)
Capital Gains Tax	241	-	241	-
Effect of Pioneer status	(1,332,559)	-	(1,332,559)	-
Effect of Pioneer status	(2,757,219)	-	(2,757,219)	-
	(4,101,131)	**(517,620)**	**(4,101,131)**	**(487,495)**

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13.2 TAX RELIEF FROM PIONEER STATUS

The Federal Government of Nigeria, through the Nigerian Investment Promotion Commission, granted Lafarge Cement WAPCO Nigeria PLC a pioneer status for a period of 5 years starting 1 December 2011. This approval was received in April 2013 after the financial statements for 2012 have been approved for use. The tax savings resulting from this waiver was N4.1 billion. The Group's current tax is calculated using tax rates that have been enacted as at the end of the reporting period disclosed in note 13.1. The pioneer status exempts the company from Corporate Income Tax for the period.

13.3 INCOME TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Group		Company	
	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
Deferred tax arising on: Remeasurement of defined benefit obligation	22,671	83,670	22,671	83,670

14. EARNINGS PER SHARE

	Group		Company	
	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:				
Profit for the year attributable to owners of the company	**28,267,185**	**14,711,676**	**28,022,200**	**14,611,260**
Weighted average number of ordinary shares ('000)	3,001,600	3,001,600	3,001,600	3,001,600
Basic earnings per share	942	490	934	487
The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows:				
Earnings used in the calculation of diluted earnings per share	**28,267,185**	**14,711,676**	**28,022,200**	**14,611,260**
Weighted average number of ordinary shares ('000)	3,001,600	3,001,600	3,001,600	3,001,600
Diluted earnings per share	942	490	934	487

There were no stock options in the relevant period thus no impact on diluted earnings per share.

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15. PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS

	Group		Company	
	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
Profit for the year from continuing activities is attributable to:				
Owners of the Company	28,267,185	14,711,676	28,022,200	14,611,260
This has been arrived at after charging (crediting):				
Depreciation and amortisation expense				
Depreciation of property, plant and equipment	5,666,350	4,900,394	5,487,165	4,830,917
Amortisation of intangible assets	7,775	7,775	-	-
	5,674,125	4,908,169	5,487,165	4,830,917
Employee benefits expense				
Employee benefits expense	6,570,108	5,346,011	6,281,576	5,157,222
Defined contribution plans (pension)	392,875	287,626	374,541	287,626
Defined benefit plans provision (gratuity)	703,838	662,180	703,838	662,180
	7,666,820	6,295,817	7,359,954	6,107,028
Termination benefits	443,456	-	443,456	-
Total employee benefits expense	**8,110,276**	**6,295,817**	**7,803,410**	**6,107,028**
Directors emoluments	30,770	74,475	29,484	74,475
Auditors remuneration	35,300	35,300	30,800	30,800
Loss/ (Profit) on disposal of fixed assets	13,082	(2,405)	13,082	(2,405)
Technical fees	2,822,277	1,610,165	2,822,277	1,610,165
Interest income	(246,152)	(268,051)	(246,152)	(268,051)
Exchange loss/ (gain)	134,555	(79,395)	134,555	(79,395)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013

16. PLANT, PROPERTY AND EQUIPMENT

16.1 Group

	Leasehold Land and Buildings N'000	Production Plant N'000	Capitalized Spares N'000	Other tangible assets N'000	Capital work-in -progress N'000	Total N'000
Cost or deemed cost						
At 1 January 2012	2,290,045	61,849,199	601,041	4,031,859	74,730,697	143,502,841
Capital Expenditure	-	105,045	-	49,244	5,593,888	5,748,177
Disposals	-	-	-	(81,515)	-	(81,515)
Reclassification	-	-	-	5,494	(144,676)	(139,182)
Transfers	2,062,184	73,768,581	75,352	724,829	(76,630,947)	-
Asset written down	-	(602,389)	-	-	-	(602,389)
At 31 December 2012	**4,352,229**	**135,120,436**	**676,393**	**4,729,910**	**3,548,962**	**148,427,930**
At 1 January 2013	4,352,229	135,120,436	676,393	4,729,910	3,548,962	148,427,930
Capital Expenditure	-	279,145	-	5,448	3,138,536	3,423,128
Disposals	-	(58)	-	(96,841)	-	(96,899)
Adjustment	-	(677,036)	-	-	-	(677,036)
Transfers	199,415	1,165,487	223,415	238,394	(1,826,711)	-
At 31 December 2013	**4,551,643**	**135,887,975**	**899,808**	**4,876,910**	**4,860,787**	**151,077,123**
Depreciation						
At 1 January 2012	631,154	11,456,055	119,006	3,567,601	-	15,773,816
Charge for the year	79,547	4,473,072	123,027	224,748	-	4,900,394
On disposals	-	-	-	(74,742)	-	(74,742)
Reclassification	1,359	-	-	5,494		6,853
Asset written off	-	(273,264)	-	-	-	(273,264)
At 31 December 2012	**712,060**	**15,655,863**	**242,033**	**3,723,101**	**-**	**20,333,057**
At 1 January 2013	712,060	15,655,863	242,033	3,723,101	-	20,333,057
Charge for the year	89,378	5,124,768	151,242	300,962	-	5,666,350
On disposals	-	(49)	-	(91,908)	-	(91,957)
At 31 December 2013	**801,438**	**20,780,581**	**393,275**	**3,932,155**	**-**	**25,907,450**
Carrying amount						
At 1 January 2012	**1,658,891**	**50,393,145**	**482,035**	**464,257**	**74,730,697**	**127,729,024**
At 31 December 2012	**3,640,169**	**119,464,573**	**434,360**	**1,006,808**	**3,548,962**	**128,094,873**
At 1 January 2013	**3,640,169**	**119,464,573**	**434,360**	**1,006,808**	**3,548,962**	**128,094,873**
At 31 December 2013	**3,750,205**	**115,107,393**	**506,533**	**944,755**	**4,860,787**	**125,169,673**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013

16. PLANT, PROPERTY AND EQUIPMENT

6.2 Company

	Leasehold Land and Buildings N'000	Production Plant N'000	Capitalized Spares N'000	Other tangible assets N'000	Capital work-in -progress N'000	Total N'000
Cost or deemed cost						
At 1 January 2012	2,273,879	61,522,637	601,041	4,019,214	74,730,697	143,147,467
Capital Expenditure	-		-	-	5,193,451	5,193,451
Disposals	-	-	-	(81,515)	-	(81,515)
Reclassification			-	5,494	(129,142)	(123,649)
Transfers	2,015,776	73,579,423	75,352	715,941	(76,386,491)	-
Assets written down	-	(602,389)	-	-	-	(602,389)
At 31 December 2012	**4,289,654**	**134,499,670**	**676,393**	**4,659,133**	**3,408,515**	**147,533,365**
At 1 January 2013	4,289,654	134,499,670	676,393	4,659,133	3,408,515	147,533,365
Capital Expenditure	-		-	-	2,022,640	2,022,640
Disposals	-	(58)	-	(96,841)	-	(96,899)
Adjustment		(677,036)	-	-	-	(677,036)
Transfers	19,626	1,014,501	223,415	165,633	(1,423,175)	-
At 31 December 2013	**4,309,280**	**134,837,077**	**899,808**	**4,727,925**	**4,007,980**	**148,782,070**
Depreciation						
At 1 January 2012	631,154	11,454,407	119,006	3,563,767	-	15,768,335
Charge for the year	79,095	4,418,516	123,027	210,279	-	4,830,917
On disposals	-	-	-	(74,742)	-	(74,742)
Reclassification	1,359		-	5,494	-	6,853
Assets written down	-	(273,264)	-	-	-	(273,264)
At 31 December 2012	**711,608**	**15,599,659**	**242,033**	**3,704,798**	**-**	**20,258,099**
At 1 January 2013	711,608	15,599,659	242,033	3,704,798	-	20,258,099
Charge for the year	79,419	4,989,394	151,242	267,110	-	5,487,165
On disposals	-	(49)	-	(91,908)	-	(91,957)
At 31 December 2013	**791,027**	**20,589,004**	**393,275**	**3,880,000**	**-**	**25,653,307**
Carrying amount						
At 1 January 2012	**1,642,725**	**50,068,229**	**482,035**	**455,446**	**74,730,697**	**127,379,132**
At 31 December 2012	**3,578,046**	**118,900,011**	**434,360**	**954,334**	**3,408,515**	**127,275,266**
At 1 January 2013	**3,578,046**	**118,900,011**	**434,360**	**954,334**	**3,408,515**	**127,275,266**
At 31 December 2013	**3,518,253**	**114,248,073**	**506,533**	**847,924**	**4,007,980**	**123,128,764**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013

16. PLANT, PROPERTY AND EQUIPMENT (CONT'D)

Details of the leasehold land and buildings are as stated below:

	Group			Company		
	Leasehold land	**Buildings**	**Total**	**Leasehold land**	**Buildings**	**Total**
Deemed cost						
At 1 January 2013	1,976,427	2,375,802	4,352,229	1,976,426	2,313,228	4,289,654
Additions	-	199,415	199,415	-	19,626	19,626
Disposal	-	-	-	-	-	-
	1,976,427	**2,575,217**	**4,551,644**	**1,976,426**	**2,332,854**	**4,309,280**
Accumulated depreciation	11,502	700,558	712,060	11,502	700,106	711,608
Charge for the year	1,917	87,461	89,378	1,917	77,502	79,419
	13,419	**788,019**	**801,438**	**13,419**	**777,608**	**791,027**
Carrying amount						
At 1 January 2013	**1,964,925**	**1,675,244**	**3,640,169**	**1,964,924**	**1,613,122**	**3,578,046**
At 31 December 2013	**1,963,008**	**1,787,197**	**3,750,205**	**1,963,007**	**1,555,246**	**3,518,253**

The following useful lives are used in the calculation of depreciation:

Leasehold Land	Over the lease period
Buildings	30 years
Production plant	8 - 30 years
Capitalised spares	5 years
Other tangible assets	3 - 5 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013

16. PLANT, PROPERTY AND EQUIPMENT (CONT'D)

Capitalised Spares
Capitalised spares are spare parts above the inventory treshhold as determined by the management and which qualify as property, plant and equipment in line with note 3.13.

Assets pledged as security
The Group's assets have been pledged as security for bank borrowings to the tune of the oustanding balance of total borrowings outside the Group as at the reporting date (see note 27). The Group is not allowed to pledge these assets as security for other borrowings or to sell them to another entity where there is need for pledge or part disposal, a written consent is required for existing lenders.

Reclassification
In 2012, items were reclassified out of the capital work-in-progress to reflect their nature.

Adjustment
During the year, N713m was recovered from the Federal Government of Nigeria as custom duty refund for plant and machinery imported during the construction of the new plant at Ewekoro between the years 2008 and 2011. The refund is part of the Federal Government's policy to encourage construction of manufacturing plants in Nigeria. The amount disclosed on the property, plant and equipment schedule is net of consultancy charges.

17. INTANGIBLE ASSETS

Group	31/12/2013 N'000	31/12/2012 N'000
Intangible asset		
Cost		
At 1 January	16,331	15,550
Addition	19,999	781
	36,330	16,331
Amortization		
At 1 January	10,367	2,592
Charge for the year	7,775	7,775
	18,142	10,367
Carrying amount	**18,188**	**5,964**

The intangible asset represents cost of software in use and acquired during the year with a useful life of 3 years. It is amortized on a straight line basis.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013

18. INVESTMENT IN SUBSIDIARY
Investment in subsidiary represents the investment in Lafarge Ready Mix Nigeria Limited, a fully owned subsidiary. The investment is unquoted and held at cost.

19. OTHER FINANCIAL ASSETS – AVAILABLE-FOR-SALE INVESTMENTS
Available-for-sale investments are shares in equity securities that are not consolidated. These securities are not listed on an active market and observable market data does not exist in order to estimate fair value. The investments are carried at cost less impairment.

- **Investments in Nigerian Kraft Bags (NKB) Limited**
  NKB Limited is a private company incorporated in Nigeria and limited by shares. The Group held 56.2% shares in NKB Limited during the year. NKB Limited operation is moribund and is in the process of being liquidated. The landed properties of NKB Limited were taken over by the company in 2008 under a special arrangement and the legal title has been perfected. Full provision has been made for the diminution in value of this investment.

- **Investments in Nigerian Foundries Limited (NFL)**
  Nigerian Foundries Limited (NFL) is also a private company incorporated in Nigeria and limited by shares. The Group held 11.25% of the shareholding in NFL at a cost of N40m. The investment was disposed during the year at a loss of N20m.

20. INVENTORIES

	Group		Company	
	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
Raw materials	3,244,831	3,860,908	3,184,765	3,826,427
Work-in-progress	439,939	475,853	439,939	475,853
Finished and semi-finished goods	1,838,364	3,295,367	1,838,364	3,295,367
Spare parts	5,346,259	4,476,022	5,321,003	4,460,080
Other supplies	1,530,067	1,463,030	1,519,577	1,460,374
	12,399,460	13,571,180	12,303,648	13,518,101
Allowance for obsolesence	(663,029)	(637,704)	(658,029)	(637,704)
	11,736,431	12,933,476	11,645,619	12,880,397

The cost of inventories recognised as an expense during the year in respect of continuing operations was N16.1 billion and N14.7 billion (2012 : N17.6 billion and N16.7 billion) for Group and Company respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013

21. TRADE RECEIVABLES
Analysis of trade receivables:

	Group		Company	
	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
Third party sales (21.1)	618,033	294,248	470,005	280,678
Related party sales	477,506	154,353	724,130	309,965
Deferred rebates	40,328	2,379	40,328	2,379
	1,135,867	450,980	1,234,463	593,022

The Group does not engage in credit sales. However, a few high net worth corporate customers are granted 30 days credit period on any sale of goods. No interest is charged on trade receivables. The Group does not recognize an allowance for receivables as all receivables are of good quality.

21.1 THIRD PARTY SALES

	Group		Company	
	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
Eternit Ltd	83,021	122,318	83,021	122,318
Nigerite Ltd	211,563	84,736	211,563	84,736
Emenite Ltd	103,133	64,115	103,133	64,115
SALINI Nig Ltd	36,120	-	36,120	-
Trevi Foundation	36,167	9,510	36,167	9,510
Others	148,028	13,570	-	-
	618,033	**294,248**	**470,005**	**280,678**
Average age (days)	**30**	**30**	**30**	**30**

Trade receivables disclosed above are not past due at the end of the reporting period and the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality.

Related party receivables are all performing and no impairment losses have been recognized for them.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013

22. OTHER RECEIVABLES

	Group		Company	
	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
Prepaid expenses	802,750	503,260	696,615	430,739
Advance payments to suppliers	169,219	149,467	169,219	149,467
Related companies (note 38)	882,669	287,741	1,993,145	820,502
Offshore commitments	663,542	464,184	663,542	464,184
Staff debtors	37,402	52,425	34,648	52,338
LEA employee share scheme	7,230	38,426	7,230	38,426
Accrued interest receivable	34,296	21,357	34,296	21,357
Other current receivables	4,404	14,167	4,000	14,167
	2,601,512	**1,531,027**	**3,602,695**	**1,991,181**

23. CASH AND CASH EQUIVALENTS

Short term investments	1,794,716	2,133,934	1,794,716	2,133,934
Cash in hand and at bank	18,625,324	6,758,379	18,410,660	6,691,819
	20,420,040	**8,892,313**	**20,205,376**	**8,825,753**

Cash and cash equivalents comprise cash and bank balances, short term securities with maturities of three months or less. There is no restriction on the Group's cash.

24. SHARE CAPITAL

	Group		Company	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
Authorised				
4,573,866,672 ordinary shares of 50k each	2,286,933	2,286,933	2,286,933	2,286,933
Issued and fully paid				
3,001,600,004 ordinary shares of 50k each	1,500,800	1,500,800	1,500,800	1,500,800

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013

25. RETAINED EARNINGS

	Group		Company	
	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
At 1 January	57,666,347	45,205,871	57,581,264	45,221,204
Dividend paid	(3,601,920)	(2,251,200)	(3,601,920)	(2,251,200)
Profit from continuing activities	28,267,185	14,711,676	28,022,200	14,611,260
At December 31, 2013	82,331,612	57,666,347	82,001,544	57,581,264

On 28 May, 2013, a dividend of 120 kobo per ordinary share representing total dividend of N3.601 billion (2012: 75 kobo per ordinary share totaling N2.251 billion) was approved by shareholders and subsequently paid during the year net of withholding taxes.

In respect of the current year, the Directors propose that a dividend of 330 kobo per ordinary share will be paid to shareholders. This dividend is subject to approval by shareholders at the Annual General Meeting. Consequently, it has not been included as a liability in these consolidated financial statements.

The proposed dividend is payable to all shareholders on the Register of Members on 21st May, 2014. The total estimated dividend payable is N9.905 billion and is payable from the pioneer profits.

26. OTHER RESERVES

	Group		Company	
	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
At 1 January	(296,526)	(144,709)	(296,526)	(144,709)
Actuarial loss	(75,571)	(278,899)	(75,571)	(278,899)
Deferred tax on actuarial loss	22,671	127,083	22,671	127,083
	(349,426)	(296,526)	(349,426)	(296,526)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013

27. BORROWINGS

	Group		Company	
	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
Non- current liability	8,441,880	32,921,478	8,441,880	32,921,478
Current liability	13,069,412	4,384,444	13,069,412	4,384,444
Split into:				
Bank loans	-	9,000,000	-	9,000,000
Lafarge SA loan	-	5,410,185	-	5,410,185
Power Fund	9,826,324	11,210,769	9,826,324	11,210,769
Corporate Bond	11,684,968	11,684,968	11,684,968	11,684,968
Total Debt	**21,511,292**	**37,305,922**	**21,511,292**	**37,305,922**

i. **Bank loans:** The Naira syndicated loan was fully repaid during the year. The opening balance as at 1 January, 2013 was N9 billion. Currently, there are no bank loans being owed by the Group.

ii. **Lafarge SA loan:** The Lafarge S.A loan was subordinated to the Syndicated Multicurrency Medium Term Bank loans. The outstanding balance of $34 million (USD) (N5.4bn) was also fully repaid in the year. The loan was granted at 12 months Libor + 4%.

iii. **Power Fund:** Lafarge Cement WAPCO accessed a total of NGN12.46billion from the CBN/BOI Power and Aviation Intervention Fund. Principal and Interest are paid quarterly. Principal repayment commenced in October 2012. The facility has 10 year tenure with a fixed interest rate of 4%.

iv. **Corporate Bond:** This is a 3year fixed term Corporate Bond at interest rate of 11.5% per annum. The bond is a bullet repayment due in October 2014.

The outstanding borrowings are secured by the assets of the Group (see note 16).

There was no breach of loan agreement during the reporting period as interest and principal repayments were made as at when due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013

28. RETIREMENT BENEFIT OBLIGATIONS

28.1 DEFINED CONTRIBUTION PLAN – PENSIONS

The employees of the Group are members of a state arranged Pension scheme (Pension reform act, 2004) operated by the government but managed by several private sector service providers. The Group is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the defined contribution plan is to make the specified contributions to the third party organizations, which are responsible for the financial and administrative management of the funds. The pension costs of these plans, corresponding to the contribution paid, are expensed as incurred.

The total expense recognized in the profit or loss of N372.49 (2012: N379.97) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As at 31 December 2013, contributions of N7.1m in respect of the 2013 reporting period had not been remitted to the plans.

28.2 DEFINED BENEFIT PLAN – END OF SERVICE BENEFITS

The Group sponsors an additional defined benefit post-employment plan (gratuity) for qualifying employees. The plan has two components: the “Normal” gratuity for all exiting employees with service of 5 years and above, and an additional “In-house” gratuity for employees above 50 years of age and service of above 10 years. The retirement age is 55 and no other post-retirement benefits are provided to these employees. This is a non-funded benefit scheme as the obligation is paid as and when due.

The liability as determined by HR Nigeria Limited, Consultants and Actuaries of the present value of the defined benefit obligation as at 31 December 2013 was N3.75bn. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The principal assumptions used for the purposes of the actuarial valuation were as follows:

	Group		Company	
	31/12/2013	**31/12/2012**	**31/12/2013**	**31/12/2012**
Financial assumptions				
Discount rate (p.a)	13%	13%	13%	13%
Average pay increase (p.a)	13%	13%	13%	13%
Average rate of inflation (p.a)	9%	10%	9%	10%

Demograpghic assumptions

Mortality in Service

The rates of mortality assumed for employees are the rates published in the A49/52 Ultimate Tables, published jointly by the Institute and Faculty of Actuaries in the UK.

Sample age	Number of deaths in year out of 10,000 lives
25	11
30	12
35	13
40	19
45	33

Withdrawal from Service

Age Band	Rate
≤ 30	2.00%
31 - 39	1.50%
40 - 49	1.00%
50 – 60	0.00%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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28.2 DEFINED BENEFIT PLAN – END OF SERVICE BENEFITS (CONT'D)

Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:

	Group		Company	
	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
Service cost	344,196	289,987	344,196	289,987
Net interest expense	392,031	372,192	392,031	372,192
Curtailment gain	(32,389)	(1,472,172)	(32,389)	(1,472,172)
Components of defined benefit costs recognised in profit or loss	**703,838**	**(809,991)**	**703,838**	**(809,991)**
Remeasurement on the net defined liability:				
Actuarial losses from change in assumptions	-	256,560	-	256,560
Actuarial losses from experience adjustment	75,571	22,338	75,571	22,338
Components of defined benefit costs recognised in OCI	**75,571**	**278,898**	**75,571**	**278,898**
Total	**779,409**	**(531,093)**	**779,409**	**(531,093)**

The current service cost and the net interest expense for the year are included in the employee benefits expense and financial costs in the profit or loss. Of the expense for the year, N311.81million has been included in profit or loss (cost of sales and administrative expenses). Actuarial gains and losses were recognised in other comprehensive income in the relevant years.

The amount included in the statement of financial position arising from the Group's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
Present value of defined benefit obligations	3,754,500	3,592,387	3,754,500	3,592,387
Fair value of scheme assets	-	-	-	-
Funded status (Deficit)	**3,754,500**	**3,592,387**	**3,754,500**	**3,592,387**
Liability recognised in the statement of financial position	**3,754,500**	**3,592,387**	**3,754,500**	**3,592,387**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013

28.2 DEFINED BENEFIT PLAN – END OF SERVICE BENEFITS (CONT'D)

Movements in the present value of defined benefit obligations were as follows:

	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
Opening defined benefit obligation	3,592,387	4,362,262	3,592,387	4,362,262
Service cost	344,196	289,987	344,196	289,987
Interest cost	392,031	372,192	392,031	372,192
Remeasurement losses:				
Actuarial losses - change in assumption	-	256,560	-	256,560
Actuarial losses- experience adjustment	75,571	22,338	75,571	22,338
Curtailment gains	(32,389)	(1,472,172)	(32,389)	(1,472,172)
Benefits paid	(617,295)	(238,782)	(617,295)	(238,782)
Closing defined benefit obligation	**3,754,500**	**3,592,387**	**3,754,500**	**3,592,387**

	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
Reconciliation of Change in Benefit Obligation				
Net amount recognised (opening)	3,592,387	4,362,262	3,592,387	4,362,262
Net periodic pension cost (Profit or loss)	703,838	(809,991)	703,838	(809,991)
Benefits paid during the year	(617,295)	(238,782)	(617,295)	(238,782)
Amount recognised in SOCI	75,571	278,898	75,571	278,898
Net liability arising from define benefit obligation	**3,754,500**	**3,592,387**	**3,754,500**	**3,592,387**

It is estimated that the accrued benefits as at 31st December, 2013 if the plan discontinued was N2.27bn (2012: N2.63bn).

The on-going valuation basis is different from the vesting (or discontinuance) basis because

(a) no value is allocated (in the discontinuance basis) to members who have served less than the benefit qualifying period. A uniform accrued approach is adopted under the ongoing basis.

(b) projections of salary and survival are made with the projected benefits then discounted to the review date in the ongoing basis. Under the vested basis, there are neither projections nor discounting.

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29. DEFERRED TAX

	Group		Company	
	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
Balance as at 1 January	13,845,905	9,911,008	13,845,905	9,911,008
Recognised in profit or loss	432,410	4,673,214	417,836	4,673,214
Excess dividend tax transferred	-	(654,647)	-	(654,647)
Recognised in other comprehensive income	(22,671)	(83,670)	(22,671)	(83,670)
Balance as at 31 December	**14,255,644**	**13,845,905**	**14,241,070**	**13,845,905**
The above is in relation to:				
Profit or loss				
Property, Plant and Equipment	15,970,516	15,291,959	15,970,516	15,291,959
Provisions	(1,566,070)	(1,346,066)	(1,580,645)	(1,346,066)
Unrealised exchange differences	-	26,143	-	26,143
Revaluation reserve	953	953	953	953
	14,405,398	**13,972,988**	**14,390,824**	**13,972,988**
Other Comprehensive Income				
Deferred tax on remeasurements	(149,754)	(127,083)	(149,754)	(127,083)
	14,255,644	**13,845,905**	**14,241,070**	**13,845,905**

The decrease in corporate income tax and deferred tax is the impact of the tax relief granted by the Federal Government through the approval and granting of pioneer status.

Group	Bal b/f N'000	2013 P/L charge N'000	OCI charge N'000	Balance c/f N'000
Deferred tax liabilities in relation to:				
Property, plant & Equipment	15,291,959	678,557	-	15,970,516
Provisions	(1,346,066)	(220,004)	-	(1,566,070)
Exchange differences	26,143	(26,143)	-	-
Revaluation reserve	953	-	-	953
Actuarial loss	(127,083)	-	(22,671)	(149,754)
	13,845,905	**432,410**	**(22,671)**	**14,255,644**

	Bal b/f N'000	2012 P/L charge N'000	OCI charge N'000	Balance c/f N'000
Deferred tax liabilities in relation to:				
Property, plant & Equipment	10,929,581	4,362,378	-	15,291,959
Provisions	(789,832)	(599,647)	43,413	(1,346,066)
Exchange differences	(229,694)	255,837	-	26,143
Revaluation reserve	953	-	-	953
Actuarial loss	-	-	(127,083)	(127,083)
	9,911,008	**4,018,567**	**(83,670)**	**13,845,905**

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29. DEFERRED TAX (CONT'D)

Company

	Bal b/f N'000	2013 P/L charge N'000	OCI charge N'000	Balance c/f N'000
Deferred tax liabilities in relation to:				
Property, plant & Equipment	15,291,959	678,557	-	15,970,516
Provisions	(1,346,066)	(234,579)	-	(1,580,645)
Exchange differences	26,143	(26,143)	-	-
Revaluation reserve	953	-	-	953
Actuarial loss	(127,083)	-	(22,671)	(149,754)
	13,845,905	**417,836**	**(22,671)**	**14,241,070**

	Bal b/f N'000	2012 P/L charge N'000	OCI charge N'000	Balance c/f N'000
Deferred tax liabilities in relation to:				
Property, plant & Equipment	10,929,581	4,362,378	-	15,291,959
Provisions	(789,832)	(599,647)	43,413	(1,346,066)
Exchange differences	(229,694)	255,837	-	26,143
Revaluation reserve	953	-	-	953
Actuarial loss	-	-	(127,083)	(127,083)
	9,911,008	**4,018,567**	**(83,670)**	**13,845,905**

30. PROVISION

	Group		Company	
	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
Current	984,736	552,485	973,956	552,485
Non-current	663,898	535,694	640,498	535,694
This is further analysed into:				
Employee benefits (note 30.1)	984,736	552,485	973,956	552,485
Site restoration (note 30.2)	663,898	535,694	640,498	535,694

30.1 EMPLOYEE BENEFITS

Group

	Restructuring cost N'000	Employee Profit Share Scheme N'000	Productivity Bonus N'000	Total N'000
At January 1, 2012	-	320,527	79,582	400,109
Additions	-	260,825	251,619	512,444
Payment	-	(220,292)	(139,776)	(360,068)
At December 31, 2012	-	361,060	191,425	552,485
Additions	14,209	699,225	422,611	1,136,046
Payment	-	(331,262)	(372,532)	(703,795)
At December 31, 2013	**14,209**	**729,023**	**241,504**	**984,736**

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30. PROVISION (CONT'D)

30.1 EMPLOYEE BENEFITS

Company

	Restructuring cost N'000	Employee Profit Share Scheme N'000	Productivity Bonus N'000	Total N'000
At January 1, 2012	-	320,527	79,582	400,109
Additions		260,825	251,619	512,444
Payment	-	(220,292)	(139,776)	(360,068)
At December 31, 2012	**-**	**361,060**	**191,425**	**552,485**
Additions	14,209	699,225	412,891	1,126,325
Payment	-	(331,262)	(373,592)	(704,855)
At December 31, 2013	**14,209**	**729,023**	**230,724**	**973,956**

Provision for employee benefit relates to employee profit share scheme and productivity bonus. Employee profit share scheme is based on 2.5% of profit after tax while productivity bonus is based on employee performance during the year.

	Group		Company	
	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
30.2 SITE RESTORATION				
At January 1, 2012	535,694	262,292	535,694	262,292
Additions	162,174	273,402	138,774	273,402
Reversals	(17,739)	-	(17,739)	-
Payment	(16,231)	-	(16,231)	-
At December 31, 2013	**663,898**	**535,694**	**640,498**	**535,694**

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

31. DEFERRED REVENUE

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

	Group		Company	
	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
Deferred income	873,016	903,120	873,016	903,120
Grant released to profit or loss (note 12)	(30,104)	(30,104)	(30,104)	(30,104)
	842,912	**873,016**	**842,912**	**873,016**
Current	30,104	30,104	30,104	30,104
Non-current	812,808	842,912	812,808	842,912
	842,912	**873,016**	**842,912**	**873,016**

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32. TRADE PAYABLES

	Group		Company	
	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
Trade payables	6,930,436	6,766,491	6,782,714	6,721,466
Trade creditors- accruals	6,544,891	9,018,396	5,980,922	8,882,489
Related companies - Lafarge SA (note 32.1)	1,926,234	1,549,934	1,926,234	1,549,934
	15,401,561	**17,334,821**	**14,689,870**	**17,153,889**

32.1 DUE TO RELATED PARTIES – LAFARGE SA

This represents the outstanding liability on the Industrial Franchise Agreement with Lafarge SA of France. The terms of the agreements include:

i. The right for Lafarge Cement WAPCO Nigeria Plc to use technical research and development information relating to production and distribution of cement products;

ii. The provision by Lafarge SA of technical and operational support through the secondment of suitably qualified expatriate personnel, as requested by Lafarge Cement WAPCO Nigeria Plc and approved by the Federal Government of Nigeria;

iii. The guarantee by Lafarge SA of the achievement of raw material reserves and production targets by Lafarge Cement WAPCO Nigeria Plc;

iv. The payment by Lafarge Cement WAPCO Nigeria Plc to Lafarge SA of a fee of 3.5% of net sales for the Industrial Franchise Agreement;

33. OTHER PAYABLES

	Group		Company	
	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
Customers' deposits	8,077,149	4,938,998	8,017,793	4,938,998
Related companies (note 38)	312,196	802,500	311,376	800,827
Withholding tax payable	79,188	143,307	69,420	138,131
Value added tax payable	323,635	338,569	323,635	344,495
Accrued interest	901,207	1,095,624	901,207	1,095,624
Other employee costs	232,607	230,979	204,776	209,902
Advance rent received	10,420	4,288	10,420	4,288
Professional fees	26,971	54,034	19,971	49,034
Other payables	7,725	-	575	-
	9,971,098	**7,608,297**	**9,859,173**	**7,581,298**

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34. CURRENT TAX PAYABLE

	Group		Company	
	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
Balance as at 1 January	1,940,738	886,672	1,940,738	886,672
Payments during the year	(238,658)	(964,943)	(231,803)	(964,943)
Excess dividend tax transferred	-	454,647	-	454,647
Charge for the year	354,816	1,564,362	335,606	1,564,362
Effect of Pioneer status	(1,332,559)	-	(1,332,559)	-
Balance as at 31 December	**724,337**	**1,940,738**	**711,982**	**1,940,738**

The decrease in corporate income tax and deferred tax is the impact of the tax relief granted by the Federal Government of Nigeria through the approval and granting of pioneer status to the new Ewekoro plant.

35. RECONCILIATION OF CASHFLOW CHANGES

Working capital changes				
Decrease/(Increase) in inventories	1,197,045	(2,617,546)	1,234,779	(2,597,768)
(Increase)/decrease in trade receivables	(684,886)	275,279	(641,441)	213,314
(Increase)/decrease in other receivables	(1,070,486)	732,563	(1,611,515)	513,981
(Decrease)/Increase in trade payables	(1,933,260)	3,662,491	(2,464,019)	3,579,841
Increase/(decrease) in other payables	2,362,023	(5,667,875)	2,275,741	(5,685,013)
Changes in operating working capital items	**(129,564)**	**(3,615,088)**	**(1,206,454)**	**(3,975,644)**
(Increase)/decrease in PPE	(677,036)	(296,200)	(677,036)	(311,736)
Decrease in intangible assets	-	6,994	-	-
Increase/(decrease) in employee benefits	162,114	(769,875)	162,114	(769,875)
Increase in deferred tax	395,165	3,934,897	395,165	3,934,897
(Decrease) in deferred revenue	(30,103)	(30,104)	(30,103)	(30,104)
(Decrease)/Increase in tax payable	(1,223,256)	1,054,066	(1,228,756)	1,054,066
Increase in provisions	560,455	425,778	526,274	425,778
Increase other reserves	52,900	216,906	52,900	216,906
Others	**(759,762)**	**4,542,462**	**(799,441)**	**4,519,932**

35. CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from 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 Group, or a present obligation that arises from past events but is not recognized 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 recognized as liabilities in the statement of financial position.

As at 31 December 2013, there were contingent liabilities in respect of litigations against the Group amounting to N505.3 million (2012: N441 million). 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 books.

37. OFF BALANCE SHEET COMMITMENTS

The Group entered into a gas purchase contract with Nigerian Gas Company (NGC) and provision of power supply with Shoreline Power. The gas and power supply contracts are for 20 years and 4 years respectively. The supply of gas is to the Group's plants at both Ewekoro and Sagamu effective March 2012 while the power supply is to Sagamu plant effective January, 2014. The contracts as disclosed in the prior year account have been restated for clarity and exchange difference accounted for.

	Group		Company	
	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
Commitments for the supply of gas	51,245,066	58,776,743	51,245,066	58,776,743
Commitments for the supply of power	2,005,617	-	2,005,617	-
	53,250,683	58,776,743	53,250,683	58,776,743

As stated above, the commitments for the supply of gas is the minimum payment for early termination of the contract while commitments for the supply of power is value of contract entered into yet to commence. These have not been recognized in these financial statements for the reporting period.

38. RELATED PARTIES

The ultimate parent of the Group is Lafarge SA, incorporated in France. There are other companies which are related to Lafarge Cement WAPCO Nigeria Plc through common shareholdings or directorships.

In the normal course of business, Lafarge WAPCO sells cement to and buys clinker from other subsidiaries of the ultimate shareholder. The company receives technical assistance from the majority shareholder and is paid for under the Industrial Franchise Agreement (see note 32.1).

Directors, and key management personnel (executive committee members), their close family members and any other employee who is able to exert a significant influence on the operating policies of the Group are also considered to be related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director, executive or non-executive of the Group.

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38.1 LOANS TO KEY MANAGEMENT PERSONNEL
The Group did not give loans to its key management personnel and there were no share options during the year.

38.2 COMPENSATION TO KEY MANAGEMENT
The compensation for directors and other key management personnel during the year were as follows:

	Group		Company	
	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
Directors				
Fees	3,750	3,650	3,750	3,650
Other allowances and expenses	27,020	70,825	25,734	70,825
	30,770	**74,475**	**39,484**	**74,875**
Key management				
Short-term benefits	146,413	123,129	139,441	117,265
Other long-term benefits	102,062	53,052	102,062	53,052
	248,475	**176,180**	**241,503**	**170,317**

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.

38.3 OTHER RELATED PARTY TRANSACTIONS
The following transactions were carried out with related during the year:

	Sale of goods		Purchase of goods	
	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
Atlas Cement	2,001,610	1,707,784	-	-
Lafarge Cementia	-	-	926,211	2,603,637
AshakaCem Plc	172,644	46,456	-	-
Lafarge ReadyMix	746,765	703,099	-	-
	2,921,019	2,457,339	926,211	2,603,637

As at the end of the year, the following are the outstanding balances for sale of goods:

	Group		Company	
	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
Atlas Cement	310,402	107,897	310,402	107,897
AshakaCem Plc	172,644	46,456	172,644	46,456
Lafarge ReadyMix	-	-	289,976	155,611
	483,046	154,353	773,022	309,964

The sale of goods to/from related parties were carried out on commercial terms and conditions and hence the Directors are of the opinion that there is no conflict of interests. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

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38.3 OTHER RELATED PARTY TRANSACTIONS (CONT'D)

Other receivables from and payables to all related parties as at the end of the reporting period are as follows:

Other receivables				
AshakaCem Plc	152,898	103,497	152,898	103,497
Atlas Cement	127,772	14,747	127,772	14,747
United Cement Company of Nigeria	119,545	115,110	119,545	115,110
Lafarge S.A.	482,454	4,632	494,362	-
Lafarge ReadyMix Limited	-	-	1,098,568	537,393
Lafarge Cementia	-	4,400	-	4,400
Lafarge CTC Cairo	-	45,355	-	45,355
	882,669	**287,741**	**1,993,145**	**820,502**
Other payables				
Lafarge SA	-	176,917	-	176,917
Nigeria Kraft Bags Limited	98,849	98,849	98,849	98,849
Lafarge Corp	160,411	163,693	160,411	163,693
Lafarge Cement Pakistan	459	28,855	459	28,855
Atlas Cement Company Limited	820	1,673	-	-
Lafarge ZA (South Africa)	19,677	52,968	19,677	52,968
Lafarge Middle East and Africa	31,538	249,846	31,538	249,846
Centre Technique Inter-Unites	-	16,754	-	16,754
Others	441	12,944	441	12,944
	312,196	**802,500**	**311,376**	**800,827**

39. FINANCIAL RISK MANAGEMENT

39.1 INTRODUCTION AND OVERVIEW

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the Group's business and the operational risks are an inevitable consequence of being in business. The Group's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on its financial performance. The key types of risks therefore include:

- Market risk – includes currency, interest rate and other price risk
- Credit risk
- Liquidity risk

The Group's overall risk management programme focuses on the unpredictability of changes in the business environment and seeks to minimize potential adverse effects of such risks on its financial performance within the options available in Nigeria by setting acceptable levels of risks.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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39.2 RISK MANAGEMENT FRAMEWORK

Financial risk management is carried out by Corporate Finance Department under the policies approved by the Finance and Strategic Committee of the Board of Directors.

The Treasury function identifies and evaluates financial risks in close cooperation with operating units. The Board provides principles for overall risk management, as well as policies covering specific areas such as credit risk, liquidity risk, price risk and use of financial instruments.

The Group does not enter into or trade in financial instruments for speculative purposes.

The Corporate Treasury reports quarterly to the Lafarge SA risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

The Board has put in place an internal audit function to assist it in assessing the risk faced by the group on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

39.2.1 MARKET RISKS

Market risk is the risk arising from changes in market prices, such as interest rates, equity prices and foreign exchange rates which will affect the Group's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within reasonable limits, while optimizing returns. Overall responsibility for managing market risk rests with the Group Finance Director. The Group's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by the Group Finance / Finance Director) and for the day to day implementation of those policies.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

- **Foreign currency risk management**
  The Group undertakes certain transactions denominated in foreign currencies. Therefore, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters.

- **Foreign currency sensitivity analysis**
  The following sensitivity analysis shows how profit and equity would change if the Nigerian Naira had depreciated against the other currencies by 5% on the reporting period end with all other variables held constant. The reverse will be the case if the Nigerian Naira appreciated with all other variables held constant. This is mainly attributable to the change in value of foreign exchange receivables, payables and cash.

	Group		Company	
	31/12/2013 N'000	**31/12/2012 N'000**	**31/12/2013 N'000**	**31/12/2012 N'000**
Naira strengthens by 5% against the US dollar				
Profit / (loss) (2012: 3%)	**8,055**	**157,172**	**7,993**	**157,181**
Naira weakens by 5% against the US dollar				
Profit / (loss) (2012: 3%)	**(8,055)**	**(157,172)**	**(7,993)**	**(157,181)**

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39.2.2 INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market interest rates. The Group is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating borrowings. The sensitivity analyses below have been determined based on the exposure to interest rates for borrowings at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. 200 and 1500 basis points increase or decrease are used when reporting LIBOR and NIBOR risk respectively to key management personnel and these represent management's assessment of the reasonably possible change in interest rates.

If LIBOR had been 200 basis points higher/lower and all other variables were held constant, the Group and Company's profit or loss will be affected as follows:

	Group		Company	
	31/12/2013 N'000 Profit/(Loss)	31/12/2012 N'000 Profit/(Loss)	31/12/2013 N'000 Profit/(Loss)	31/12/2012 N'000 Profit/(Loss)
Borrowings (USD)	-	5,424	-	5,424

If NIBOR had been 1500 basis points higher/lower and all other variables were held constant, the Group and Company's profit or loss will be affected as follows:

Borrowings (Naira)	-	240,458	-	240,458

39.2.3 CREDIT RISK MANAGEMENT

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. 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 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.

No amounts are past due as at 31 December 2013 and there was no significant concentration of credit risk in respect of trade receivables (see note 21).

39.2.4 LIQUIDITY RISK MANAGEMENT

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-, medium- and long-term funding and liquidity management requirements. The Group and Company manage liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

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39.2.5 CAPITAL RISK MANAGEMENT
The Group's objectives when managing capital are:

- To ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.
- To maintain a strong capital base to support the current and future development needs of the business.

The capital structure of the Group consists of debt, which includes borrowings, cash and cash equivalents and equity holders of the parent, comprising issued capital, reserves and retained earnings.

The Board of Directors reviews the capital structure on a regular basis. As part of this review, the board considers the cost of capital and the risks associated with each class of capital. Based on the review, the Group analyses and assesses the gearing ratio to determine the level and its optimality.

The Group monitors capital using a gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents.

Gearing ratio

The gearing ratio at the year end is as follows:

	Group		Company	
	31/12/2013 N'000	**31/12/2012 N'000**	**31/12/2013 N'000**	**31/12/2012 N'000**
Borrowings (note 27)	21,511,292	37,305,922	21,511,292	37,305,922
Less: Cash and cash equivalents	(20,420,040)	(8,892,313)	(20,205,376)	(8,825,753)
Net debt	1,091,252	28,413,609	1,305,916	28,480,169
Equity	92,971,733	68,359,369	92,641,665	68,274,285
Gearing	1%	42%	1%	42%

i. Debt is defined as current- and non current term borrowings (as described in note 27)
ii. Equity includes all capital and reserves of the Group that are managed as capital.

There have been no material changes in the Group's management of capital during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2013

39.3 FAIR VALUE OF FINANCIAL INSTRUMENTS

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values:

Group	Book Value		Fair value	
	31/12/2013 N'000	31/12/2012 N'000	31/12/2013 N'000	31/12/2012 N'000
Financial Asset				
Trade receivables	1,095,539	448,601	1,095,539	448,601
Cash and cash equivalents	20,420,040	8,892,313	20,420,040	8,892,313
Financial Liabilities				
Bank loans (NGN)	-	9,000,000	-	9,000,000
Power fund loan	9,826,324	11,210,769	11,159,686	10,220,086
Lafarge SA loan	-	5,410,185	-	5,410,185
Corporate bond	11,684,968	11,684,968	12,290,758	10,250,770
Trade payables	15,401,561	17,334,821	15,401,561	17,334,821
Company				
Financial Asset				
Trade receivables	1,194,136	590,643	1,194,136	590,643
Cash and cash equivalents	20,205,376	8,825,753	20,205,376	8,825,753
Financial Liabilities				
Bank loans (NGN)	-	9,000,000	-	9,000,000
Power fund loan	9,826,324	11,210,769	11,159,686	10,220,086
Lafarge SA loan	-	5,410,185	-	5,410,185
Corporate bond	11,684,968	11,684,968	12,290,758	10,250,770
Trade payables	14,689,870	17,153,889	14,689,870	17,153,889

The book and the fair value of the trade and other receivables is expected to be same as the Group expects to make full recovery of their debtors.

40. COUNTRY OF INCORPORATION

The company is a public liability company incorporated and domiciled in Nigeria under the Companies Act. The ultimate parent of the Group is Lafarge SA, incorporated in France. The Group is primarily engaged in the manufacture and sale of cement and cement related products.

41. EVENTS AFTER REPORTING DATE

The Board of Directors approved the financial statements on 18th March, 2014 and authorized that the financial statements be issued. On this date, the Directors were not aware of any matter or circumstances arising since the end of the financial year, not otherwise dealt with in the financial statements, which would significantly affect the financial position of the Group and the results of its operations as laid out in these financial statements.

42. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorized for issue on 18th March, 2014.

APPENDICES

A. RECONCILIATION OF RESTATED BALANCES

	Note	31/12/2012	Group Reclassi-fication	Restated	31/12/2012	Company Reclassi-fication	Restated
Revenue		87,965,224		87,965,224	87,091,634		87,091,634
Cost of sales	a	(55,565,641)	260,535	(55,305,106)	(54,944,153)	260,535	(54,683,618)
GROSS OPERATING INCOME		**32,399,583**	**260,535**	**32,660,118**	**32,147,481**	**260,535**	**32,408,016**
Sales and Marketing expenses		-	(625,243)	(625,243)	-	(603,541)	(603,541)
General and Administrative expenses	b	(6,243,471)	639,793	(5,603,678)	(6,092,739)	618,092	(5,474,648)
CURRENT OPERATING INCOME		**26,156,112**	**275,085**	**26,431,197**	**26,054,742**	**275,086**	**26,329,828**
Investment income	c	615,958	(268,051)	347,907	615,958	(268,051)	347,907
Other operating income (expenses)	d	(114,641)	67,003	(47,638)	(114,641)	67,003	(47,638)
OPERATING INCOME		**26,657,429**	**74,037**	**26,731,466**	**26,556,059**	**74,037**	**26,630,096**
Finance costs	e	(5,393,009)	(74,037)	(5,467,046)	(5,392,055)	(74,037)	(5,466,092)
INCOME BEFORE TAX		**21,264,420**		**21,264,420**	**21,164,004**		**21,164,004**
Income tax		(6,552,744)		(6,552,744)	(6,552,744)		(6,552,744)
		14,711,676		**14,711,676**	**14,611,260**		**14,611,260**

	Note	1/1/12	Group Reclassi-fication	Restated	1/1/12	Company Reclassi-fication	Restated
Revenue		62,502,320		62,502,320	62,211,143		62,211,143
Cost of sales	a	(43,183,586)	259,794	(42,923,792)	(42,951,847)	259,794	(42,692,053)
GROSS OPERATING INCOME		**19,318,734**	**259,794**	**19,578,528**	**19,259,296**	**259,794**	**19,519,090**
Sales and Marketing expenses		-	(455,173)	(455,173)	-	(434,878)	(434,878)
General and Administrative expenses	b	(6,303,288)	626,733	(5,676,555)	(6,228,517)	606,438	(5,622,079)
CURRENT OPERATING INCOME		**13,015,446**	**431,354**	**13,446,800**	**13,030,779**	**431,354**	**13,462,133**
Investment income	c	223,390	(69,334)	154,056	223,390	(69,334)	154,056
Other operating income (expenses)	d	136,801	(5,462)	131,339	136,801	(5,462)	131,339
OPERATING INCOME		**13,375,637**	**356,558**	**13,732,195**	**13,390,970**	**356,558**	**13,747,528**
Finance costs	e	(3,026,364)	(356,558)	(3,382,922)	(3,026,364)	(356,558)	(3,382,922)
INCOME BEFORE TAX		**10,349,273**		**10,349,273**	**10,364,606**		**10,364,606**
Income tax		(1,709,886)		(1,709,886)	(1,709,886)		(1,709,886)
		8,639,387	**-**	**8,639,387**	**8,654,720**	**-**	**8,654,720**

APPENDICES

A. RECONCILIATION OF RESTATED BALANCES (CONT'D)

		Group		Company		
		31/12/2012 N'000	1/1/12 N'000	31/12/2012 N'000	1/1/12 N'000	
a	**Cost of sales**	(55,565,641)	(43,183,586)	(54,944,153)	(42,951,847)	
	Net interest on defined benefit liability	260,535	259,794	260,535	259,794	Reclassified to finance cost
		(55,305,106)	**(42,923,792)**	**(54,683,618)**	**(42,692,053)**	
b	**General & Administrative expenses**	(6,243,471)	(6,303,288)	(6,092,739)	(6,228,517)	
	Selling expenses	625,243	455,173	603,541	434,878	Reclassified to Sales and Marketing expenses
	Net interest on defined benefit liability	111,658	166,098	111,658	166,098	Reclassified to finance cost
	Other expense	(99,512)	-	(99,512)	-	Additional cost arising from change in gratuity base reclassified from other operating income/ (expense)
	Profit on sale of asset	2,405	5,462	2,405	5,462	Reclassified from other income based on materiality
		(5,603,678)	**(5,676,555)**	**(5,474,648)**	**(5,622,079)**	
c	**Investment income**	615,958	223,390	615,958	223,390	
	Interest received on current accounts	(268,051)	(69,334)	(268,051)	(69,334)	Reclassified to finance cost
		347,907	**154,056**	**347,907**	**154,056**	
d	**Other operating income (expenses)**	114,641	(136,801)	114,641	(136,801)	
	Other operating expense	(99,512)	-	(99,512)	-	Additional cost arising from change in gratuity base reclassified to general & admin expenses
	Profit on sale of asset	2,405	5,462	2,405	5,462	Reclassified to general expenses based on materiality
	Government grant	30,104	-	30,104	-	Reclassified to finance cost
		47,638	**(131,339)**	**47,638**	**(131,339)**	
e	**Finance costs**	5,393,009	3,026,364	5,392,055	3,026,364	
	Net interest on defined benefit liability	260,535	259,794	260,535	259,794	Reclassified from cost of sales
	Net interest on defined benefit liability	111,658	166,098	111,658	166,098	Reclassified from General and Administrative expenses
	Interest received on current accounts	(268,051)	(69,334)	(268,051)	(69,334)	Reclassified from Investment income
	Government grant	(30,104)	-	(30,104)	-	Reclassified from other operating income/ (expense)
		5,467,046	**3,382,922**	**5,466,092**	**3,382,922**	

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APPENDICES

B. LAFARGE READY MIX RECONCILIATION OF NGAAP BALANCES TO IFRS

STATEMENT OF PROFIT OR LOSS

	NGAAP 31/12/2013	IFRS adjustment	IFRS 31/12/2013
Revenue	2,307,003	111,237	2,418,240
Cost of sales	(1,871,381)	(36,278)	(1,907,659)
GROSS OPERATING INCOME	**435,622**	**74,959**	**510,581**

STATEMENT OF FINANCIAL POSITION

	NGAAP 31/12/2013	IFRS adjustment	IFRS 31/12/2013
Production plant			
Cost	665,729	111,237	776,966
Accum depreciation	(157,155)	(36,278)	(193,433)
CARRYING AMOUNT	**508,574**	**74,959**	**583,533**

APPENDICES

C. VALUE ADDED STATEMENT

	Group				Company			
	2013 N'000	%	2012 N'000	%	2013 N'000	%	2012 N'000	%
Revenue	98,798,452		87,965,224		97,174,505		87,091,634	
Other incomes	956,610		615,958		956,610		615,958	
Bought in materials & services	(54,896,227)		(51,283,726)		(54,038,021)		(50,776,593)	
	44,858,835	**100**	**37,297,456**	**100**	**44,093,095**	**100**	**36,930,999**	**100**
Applied as follows:								
Employees								
Employee benefits	8,110,276	18	6,295,817	17	7,803,410	18	6,107,028	17
Lenders								
Interest on borrowings	3,359,437	7	4,829,051	13	3,359,437	8	4,829,051	13
Government								
Taxation	(552,187)	(1)	6,552,745	18	(579,117)	(1)	6,552,745	18
Asset replacement								
Depreciation	5,674,125	13	4,908,169	13	5,487,165	12	4,830,917	13
Shareholders								
Retained profit	28,267,183	63	14,711,676	39	28,022,200	64	14,611,259	40
	44,858,835	**100**	**37,297,456**	**100**	**44,093,095**	**100**	**36,930,999**	**100**

This represents the additional wealth which the Group has been able to create by its own and its employees' efforts. This statement shows the distribution of wealth among employees, government, providers of capital and the amount retained for the future creation of more wealth.

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APPENDICES

D. FIVE YEARS SUMMARY

	IFRS							NGAAP
	GROUP			COMPANY				
	2013 N'000	2012 N'000	2011 N'000	2013 N'000	2012 N'000	2011 N'000	2010 N'000	2009 N'000
ASSETS/LIABILITIES								
Property, Plant & Equipment	125,169,673	128,094,873	127,729,024	123,128,764	127,275,266	127,379,132	100,059,039	69,680,809
Intangible assets	18,188	5,964	12,958	-	-	-	-	-
Long term investments	-	40,000	40,000	50,000	90,000	90,000	60,206	60,206
Long term receivables	-	-	9,444	-	-	9,444	66,111	-
Net current (liabilities)/assets	(4,287,398)	(8,043,093)	(7,557,330)	(2,646,343)	(7,352,605)	(7,229,146)	(39,759,844)	6,747,778
	120,900,463	**120,097,744**	**120,234,096**	**120,532,421**	**120,012,661**	**120,249,430**	**60,425,512**	**76,488,793**
Deferred taxation	(14,255,644)	(13,845,905)	(9,911,008)	(14,241,070)	(13,845,905)	(9,911,008)	(8,532,311)	(5,183,429)
Provisions	(663,898)	(535,694)	(262,292)	(640,498)	(535,694)	(262,292)	-	-
Borrowings	(8,441,880)	(32,921,478)	(48,701,293)	(8,441,880)	(32,921,478)	(48,701,293)	-	(24,793,394)
Deferred revenue	(812,808)	(842,912)	(903,120)	(812,808)	(842,912)	(903,120)	-	-
Retirement benefits obligation	(3,754,500)	(3,592,387)	(4,362,262)	(3,754,500)	(3,592,387)	(4,362,262)	(3,586,770)	(2,801,412)
	(27,928,730)	**(51,738,376)**	**(64,139,975)**	**(27,890,756)**	**(51,738,376)**	**(64,139,976)**	**(12,119,081)**	**(32,778,235)**
	92,971,733	**68,359,368**	**56,094,121**	**92,641,665**	**68,274,285**	**56,109,454**	**48,306,431**	**43,710,558**
CAPITAL AND RESERVES								
Share capital	1,500,800	1,500,800	1,500,800	1,500,800	1,500,800	1,500,800	1,500,800	1,500,800
Share premium	9,488,747	9,488,747	9,488,747	9,488,747	9,488,747	9,488,747	9,488,747	9,488,747
Revaluation Reserve	-	-	-	-	-	-	-	3,176
Retained Earnings	82,331,612	57,666,346	45,205,871	82,001,544	57,581,263	45,221,204	37,316,884	32,717,835
Other reserves	(349,426)	(296,526)	(101,297)	(349,426)	(296,526)	(101,297)	-	-
	92,971,733	**68,359,368**	**56,094,121**	**92,641,665**	**68,274,284**	**56,109,454**	**48,306,431**	**43,710,558**
REVENUE AND PROFITS								
Revenue	**98,798,452**	**87,965,224**	**62,502,320**	**97,174,505**	**87,091,634**	**62,211,143**	**43,841,325**	**45,589,798**
Income before taxation	27,714,997	21,264,420	10,349,273	27,443,083	21,164,004	10,364,606	8,464,365	9,237,328
Income for the year from continuing operations	28,267,185	14,711,676	8,639,387	28,022,200	14,611,260	8,654,720	4,881,363	5,055,398
Dividend proposed	9,905,280	3,601,920	2,251,200	9,905,280	3,601,920	2,251,200	750,400	300,160
Per share data (Kobo)								
Earnings - Basic	942	490	288	934	487	283	163	168
Dividend proposed (kobo)	330	120	75	330	120	75	25	10
Dividend cover (times)	2.9	4.1	3.8	2.9	4.1	3.8	6.5	16.8
Net assets	3,097	2,277	1,869	3,086	2,275	1,869	1,609	1,456

EPS are based on income after tax and the number of issued and fully paid ordinary shares at the end of each year. Net assets per share are based on net assets and number of issued and fully paid ordinary shares at the end of each year.

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SHAREHOLDING AND OTHER INFORMATION

SHARE CAPITAL HISTORY

	AUTHORISED			FULLY PAID		
YEAR	NUMBER OF SHARES	VALUE (NAIRA)	NOMINAL VALUE	NUMBER ISSUED	VALUE (NAIRA)	REMARKS
1959	3,000,000	6,000,000	AT N2.00 EACH	2,000,000	4,000,000	
1960	3,000,000	6,000,000	AT N2.00 EACH	2,000,000	4,000,000	
1961	3,000,000	6,000,000	AT N2.00 EACH	2,000,000	4,000,000	
1962	3,000,000	6,000,000	AT N2.00 EACH	2,000,000	4,000,000	
1963	3,000,000	6,000,000	AT N2.00 EACH	2,000,000	4,000,000	
1964	3,000,000	6,000,000	AT N2.00 EACH	2,000,000	4,000,000	
1965	3,000,000	6,000,000	AT N2.00 EACH	2,000,000	4,000,000	
1966	3,000,000	6,000,000	AT N2.00 EACH	2,000,000	4,000,000	
1967	3,000,000	6,000,000	AT N2.00 EACH	2,000,000	4,000,000	
1968	12,000,000	6,000,000	AT N0.50 EACH	8,000,000	4,000,000	SUBDIVISION
1969	14,000,000	7,000,000	AT N0.50 EACH	14,000,000	7,000,000	
1970	14,000,000	7,000,000	AT N0.50 EACH	14,000,000	7,000,000	
1971	14,000,000	7,000,000	AT N0.50 EACH	14,000,000	7,000,000	
1972	14,000,000	7,000,000	AT N0.50 EACH	14,000,000	7,000,000	
1973	14,000,000	7,000,000	AT N0.50 EACH	14,000,000	7,000,000	
1974	14,000,000	7,000,000	AT N0.50 EACH	14,000,000	7,000,000	
1975	36,000,000	18,000,000	AT N0.50 EACH	36,000,000	18,000,000	PREFERENCE SHARE
1976	36,000,000	18,000,000	AT N0.50 EACH	36,000,000	18,000,000	
1977	72,000,000	36,000,000	AT N0.50 EACH	60,300,000	30,150,000	SPECIAL ALLOTMENT
1978	72,000,000	36,000,000	AT N0.50 EACH	60,300,000	30,150,000	
1979	72,000,000	36,000,000	AT N0.50 EACH	60,300,000	30,150,000	
1980	72,000,000	36,000,000	AT N0.50 EACH	60,300,000	30,150,000	
1981	72,000,000	36,000,000	AT N0.50 EACH	60,300,000	30,150,000	
1982	72,000,000	36,000,000	AT N0.50 EACH	60,300,000	30,150,000	
1983	101,450,000	50,725,000	AT N0.50 EACH	90,450,000	45,225,000	1 : 2
1984	101,450,000	50,725,000	AT N0.50 EACH	90,450,000	45,225,000	
1985	101,450,000	50,725,000	AT N0.50 EACH	90,450,000	45,225,000	
1986	101,450,000	50,725,000	AT N0.50 EACH	90,450,000	45,225,000	
1987	101,450,000	50,725,000	AT N0.50 EACH	90,450,000	45,225,000	
1988	120,600,000	60,300,000	AT N0.50 EACH	120,600,000	60,300,000	1 : 3
1989	120,600,000	60,300,000	AT N0.50 EACH	120,600,000	60,300,000	
1990	120,600,000	60,300,000	AT N0.50 EACH	120,600,000	60,300,000	
1991	120,600,000	60,300,000	AT N0.50 EACH	120,600,000	60,300,000	
1992	241,200,000	120,600,000	AT N0.50 EACH	241,200,000	120,600,000	1 : 1
1993	241,200,000	120,600,000	AT N0.50 EACH	241,200,000	120,600,000	
1994	321,600,000	160,800,000	AT N0.50 EACH	321,600,000	160,800,000	1 : 3
1995	321,600,000	160,800,000	AT N0.50 EACH	321,600,000	160,800,000	
1996	428,800,000	214,400,000	AT N0.50 EACH	428,800,000	214,400,000	1 : 3
1997	428,800,000	214,400,000	AT N0.50 EACH	428,800,000	214,400,000	
1998	600,000,000	300,000,000	AT N0.50 EACH	571,733,334	285,866,667	1 : 3
1999	600,000,000	300,000,000	AT N0.50 EACH	571,733,334	285,866,667	
2000	600,000,000	300,000,000	AT N0.50 EACH	571,733,334	285,866,667	
2001	1,142,806,000	571,403,000	AT N0.50 EACH	1,143,466,668	571,733,334	1 : 1
2002	4,573,866,672	2,286,933,336	AT N0.50 EACH	1,715,200,000	857,700,001	1 : 2
2003	4,573,866,672	2,286,933,336	AT N0.50 EACH	1,715,200,000	857,700,001	
2004	4,573,866,672	2,286,933,336	AT N0.50 EACH	1,715,200,000	857,700,001	
2005	4,573,866,672	2,286,933,336	AT N0.50 EACH	3,001,600,004	1,500,800,002	RIGHTS ISSUE
2006	4,573,866,672	2,286,933,336	AT N0.50 EACH	3,001,600,004	1,500,800,002	
2007	4,573,866,672	2,286,933,336	AT N0.50 EACH	3,001,600,004	1,500,800,002	
2008	4,573,866,672	2,286,933,336	AT N0.50 EACH	3,001,600,004	1,500,800,002	
2009	4,573,866,672	2,286,933,336	AT N0.50 EACH	3,001,600,004	1,500,800,002	
2010	4,573,866,672	2,286,933,336	AT N0.50 EACH	3,001,600,004	1,500,800,002	
2011	4,573,866,672	2,286,933,336	AT N0.50 EACH	3,001,600,004	1,500,800,002	
2012	4,573,866,672	2,286,933,336	AT N0.50 EACH	3,001,600,004	1,500,800,002	
2013	4,573,866,672	2,286,933,336	AT N0.50 EACH	3,001,600,004	1,500,800,002	

BONUS HISTORY			
YEAR	NUMBER ISSUED	AMOUNT (N1.00 EACH)	RATIO
1983	30,150,000	15,075,000	1:2
1988	30,150,000	5,075,001	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	142,933,334	71,466,667	1:3
2001	571,733,334	285,866,667	1:1
2002	571,733,334	285,866,668	1:2

FREE FLOAT ANALYSIS

STRATEGIC SHAREHOLDERS:		
Lafarge Associated Nigeria Limited	705,982,502	
Director's Interest	2,335,311	
Associated International Cement	1,095,025,626	
	1,803,343,439	60.08
FREE FLOAT:	1,198,256,565	39.92
	3,001,600,004	100.00

4

BUILDING BETTER CITIES

Lafarge Partners AFD, LAPO
Launches N1.3b Affordable Housing Scheme

ILÉ ÌRỌ̀RÙN

Signing ceremony at the Ile Irorun Launch

Some beneficiaries at the event

Partnering for Development: AFD Country Director, Hubert Dognin; Lafarge EVP Operations/ Country CEO, Nigeria & Republic of Benin Guillaume Roux and MD, LAPO Micro Finance Bank, Godwin Ehigiamusoe.

Making urbanization a success is one of the challenges of this century and also our ambition. At Lafarge, we support the metamorphosis of cities and contribute solutions which provide cities with more housing, making them more compact, more durable, more beautiful and better connected.

In our ambition to build better cities in Nigeria, Lafarge offers housing solutions with quality materials, and develops innovative, value-adding products that are readily available and reasonably priced because we understand that housing-for-all is dependent on available means. That is why our affordable housing initiative seeks to offer support to the low income earners giving them decent, affordable and durable homes.

LAFARGE
Building better cities ™

www.lafarge.com.ng

MANDATE FOR E-DIVIDEND PAYMENT

APPLICATION FOR E-DIVIDEND PAYMENT

I/We.. being a Shareholder in Lafarge Cement WAPCO Nigeria Plc (Company) hereby request that my/our dividend payments in respect of the Company be credited into my/our Bank Account stated below:

Bankers Details

Name of Bank: ....
....

Branch: ....

Account Name: ....

NUBAN Account Number (Current or Savings):

....

Telephone Number(s): ....

Signature: ....

- Corporate Shareholders should execute and seal in accordance with the provisions of their Articles of Association.
- Kindly attach photocopy of a valid means of identification.

REQUEST FOR CHANGE OF ADDRESS

I/We.. being a Shareholder in Lafarge Cement WAPCO Nigeria Plc (Company) hereby request my/our change of address as follows:

OLD ADDRESS

....

....

....

NEW ADDRESS

....

....

....

- Corporate Shareholders should execute and seal in accordance with the provisions of their Articles of Association.

TO:
The Registrars
City Securities (Registrars) Limited
358, Herbert Macaulay Road,
Yaba, Lagos
P. O. Box 9117, Lagos
Nigeria

TO:
The Registrars
City Securities (Registrars) Limited
358, Herbert Macaulay Road,
Yaba, Lagos
P. O. Box 9117, Lagos
Nigeria

PROXY FORM

Notice is hereby given that the 55th Annual General Meeting of Lafarge Cement Wapco Nigeria PLC will be held on Wednesday, 9th July 2014, at City Hall, Catholic Mission Street, Lagos Island at 10:00am to transact the following business:

I/We* ____________________

being a member/members of Lafarge Cement WAPCO Nigeria 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, 9th July, 2014 and at any Adjournment thereof.

Dated this _______ day of ___________ 2014

____
Shareholder's Signature

RESOLUTIONS	FOR	AGAINST	ABSTAIN
1. To receive the Audited Financial Statement for the year ended 31st December 2013, the Report of Directors, Auditors and Audit Committee thereon.			
2. To declare a dividend.			
3a. To re-elect Directors: Mr. Jean-Christophe Barbant			
Mr. Guillaume Roux			
Chief (Dr.) Joseph Sanusi CON			
Mr. Jean-Carlos Angulo			
3b. To elect a Director: Mr. Thierry Metro			
4. To authorize the Directors to fix the remuneration of the External Auditors.			
5. To elect members of the Audit Committee.			
SPECIAL BUSINESS **RESOLUTION 1- ACQUISITION OF SHARES IN LAFARGE SOUTH AFRICA HOLDINGS (PTY) LIMITED** To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution, subject to such regulatory approvals as may be required: That the Company be and is hereby authorised to acquire an equity interest in Lafarge South Africa Holdings (Pty) Limited by acquiring 33,823,992 ordinary shares in Lafarge South Africa Holdings (Pty) Limited held by Financiere Lafarge SAS, which ordinary shares represent 100% of the issued share capital of Lafarge South Africa Holdings (Pty) Limited, in exchange for which the Company will pay an amount in cash of US$ 200 million and issue between 724,758,803 and 740,799,743 ordinary shares to Financiere Lafarge SAS.			
RESOLUTION 2 - ACQUISITION OF AN INTEREST IN UNITED CEMENT COMPANY OF NIGERIA LIMITED THROUGH EGYPTIAN CEMENT HOLDINGS B.V. To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution, subject to such regulatory approvals as may be required: That the Company be and is hereby authorised to acquire an equity interest in Egyptian Cement Holdings B.V. by acquiring 91 ordinary shares in Egyptian Cement Holdings B.V., held by Lafarge Cement International B.V., which ordinary shares represent 50% of that company and an indirect interest of 35% of the issued share capital of United Cement Company of Nigeria Limited ("Unicem"), in exchange for which the Company will issue 289,222,996 ordinary shares to Lafarge Cement International B.V. and be authorised to acquire such additional shares of Egyptian Cement Holdings B.V. and/or Unicem as the case may be, on the same terms, as the Board of Directors may decide.			

RESOLUTIONS	FOR	AGAINST	ABSTAIN
RESOLUTION 3 - ACQUISITION OF SHARES IN ASHAKACEM PLC To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution, subject to such regulatory approvals as may be required: That the Company be and is hereby authorised to acquire an equity interest in AshakaCem PLC by acquiring 1,312,444,260ordinary shares in AshakaCem PLC held by Lafarge Nigeria (UK) Limited, which ordinary shares represent 58.61% of the issued share capital of AshakaCem PLC, in exchange for which the Company will issue 370,365,845 ordinary shares to Lafarge Nigeria (UK) Limited and acquire such additional shares on the same terms as may be required by section 131 of the Investments and Securites Act, 2007 or otherwise by law or as the Board of Directors may decide.			
RESOLUTION 4 - ACQUISITION OF SHARES IN ATLAS CEMENT COMPANY LIMITED To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution subject to such regulatory approvals as may be required: That the Company be and is hereby authorised to acquire an equity interest in Atlas Cement Company Limited by acquiring 1,241,837,662 ordinary shares in Atlas Cement Company Limited held by Lafarge Nigeria (UK) Limited and its nominee, Associated International Cement Limited which ordinary shares represent 100% of the issued share capital of Atlas Cement Company Limited, in exchange for which the Company will issue 18,228,340 ordinary shares to Lafarge Nigeria (UK) Limited.			
RESOLUTION 5 - APPROVAL OF PUBLIC OFFER OF SHARES To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution, subject to such regulatory approvals as may be required: That, subject to regulatory approval, the Board of Directors be and is hereby authorised to raise additional capital of up to N100,000,000,000 (one hundred billion Naira) for the Company, through a public 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.			
RESOLUTION 6 – LISTING OF ADDITIONAL SHARES ON THE NIGERIAN STOCK EXCHANGE To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution, subject to such regulatory approvals as may be required: That, following allotment by the Board of Directors, the new shares issued by the Company pursuant to the transactions contemplated in resolutions 1- 5 above be listed on the Nigerian Stock Exchange.			
RESOLUTION 7 - APPROVAL OF INCREASE IN AUTHORISED SHARE CAPITAL To consider and, if thought fit, to pass, with or without amendment, the following resolution as a special resolution: That, in view of the foregoing resolutions, and in order to accommodate the new shares in the Company that are proposed to be issued, the authorised share capital of the Company be increased from N2,286,933,336 to N5,000,000,000 by the creation of 5,426,133,328 additional ordinary shares of 50 kobo each, ranking pari passu in all respects with the existing ordinary shares of the Company and that the new shares thus created be registered with the Securities and Exchange Commission and consequently that the Memorandum of Association of the Company be and is hereby amended by: (i) Deleting Clause 6 and substituting it with the following: "THAT the Share Capital of the Company is N5,000,000,000,00 divided into 10,000,000,000 Ordinary Shares of 50k each; and (ii) Adding the following to "Rider A" of the said Memorandum of Association: (iii) "By a Special Resolution passed at the [.........] General Meeting of the Company held on [.....................], the authorised share capital of the Company was increased to N5,000,000,000.00 by the creation of a further 5,426,133,328 Ordinary Shares of 50k each.			
RESOLUTION 8 - APPROVAL OF AMENDMENT OF THE ARTICLES OF ASSOCIATION FOR THE INCREASE IN THE NUMBER OF DIRECTORS To consider and, if thought fit, to pass, with or without amendment, the following resolution as a special resolution: That article 82 of the Articles of Association of the Company be and is hereby amended by deleting the word "thirteen" and replacing it with the word "seventeen" and the article shall read as follows:			

RESOLUTIONS	FOR	AGAINST	ABSTAIN
Until otherwise determined by a special resolution of the company, the number of directors shall not be less than four or more than seventeen.			
RESOLUTION 9 - APPROVAL OF AMENDMENT OF ARTICLE 57 OF THE ARTICLES OF ASSOCIATION To consider and, if thought fit, to pass, with or without amendment, the following resolution as a special resolution: That article 57(as amended by the Annual General Meeting of July 26, 2005), be and is hereby deleted and replaced with the following : A special resolution shall be required for any of the following (i) Any expansion programme requiring capital expenditure in excess of N20 billion (ii) Loan by the company in excess of N25 billion other than short-term marketable securities acquired to give temporary employment to its idle resources. (iii) Any guarantee in respect of an amount in excess of N5 billion;			
RESOLUTION 10 - APPROVAL OF CHANGE OF NAME OF THE COMPANY To consider and, if thought fit, to pass, with or without amendment, the following sub- joined resolutions as special resolutions: (i) That the name of the Company be changed to LAFARGE AFRICA PLC to better reflect the new direction of the Company and consequently that clause 1 of the Memorandum of Association of the Company be substituted with the following new clause: "The name of the Company is LAFARGE AFRICA PLC." And that the Memorandum and Articles of Association of the Company be amended accordingly. (ii) That the change of name shall become effective upon the conclusion of all or any of the transactions that are set out in resolutions 1-4 above.			
RESOLUTION 11 – DIRECTORS AUTHORITY To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution: That, the Board of Directors of the Company be and is hereby authorised to take all such actions as are necessary to give effect to these 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, this form should be sealed with its common seal.

- Shareholder's name to be inserted in BLOCK LETTERS please. In case of joint shareholders, any one of such may complete this form, but the names of all joint holders must be inserted.
- Following the normal practice, the Chairman of the meeting has been entered on the form to ensure that someone will be at the Meeting to act as your proxy, but you may insert in the blank space the name of any person, whether a member of the Company or not, who will attend the meeting and vote on your behalf instead.

LAFARGE CEMENT WAPCO NIGERIA PLC

55TH 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 City Hall, Catholic Mission Street, Lagos Island on Monday, 9th July, 2014 at 10:00 a.m.

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.

TO:
The Registrars
City Securities (Registrars) Limited
358, Herbert Macaulay Road,
Yaba, Lagos
P. O. Box 9117, Lagos
Nigeria