LAFARGE

LAFARGE CEMENT ZIMBABWE LIMITED

ANNUAL REPORT 2017

A member of LafargeHolcim

MISSION STATEMENT

We develop sustainable building solutions in Zimbabwe to create value for our stakeholders.

CUSTOMERS SHAREHOLDERS EMPLOYEES COMMUNITIES SUPPLIERS

OUR COMMITMENTS

HEALTH AND SAFETY

We are committed to providing a healthy and safe environment for our stakeholders.

SUSTAINABLE DEVELOPMENT

We acknowledge and accept our responsibility to our communities to preserve the environment and natural resources. We are committed to reducing fugitive dust emissions.

MAKING OUR PEOPLE SUCCESSFUL

We strive to satisfy the aspirations of our employees by being fair and consistent, offering opportunities for development and rewarding on merit.

QUALITY

We are committed to satisfying our customer needs and value expectations by maintaining the highest standards of quality and service.

OUR VALUES

Teamwork
Communication
Commitment

ABOUT
THIS REPORT

This integrated annual report gives performance and commentary on the operations of Lafarge Cement Zimbabwe Limited. It explains who we are, how we create value and interact with our stakeholders and provides information on both financial and non-financial performance. The report covers the financial period from 1 January 2017 to 31 December 2017 and is prepared for Lafarge Cement Zimbabwe Limited ("Lafarge Cement Zimbabwe" or the "Company")

CONTENTS

BUSINESS
PROFILE

Lafarge Cement Zimbabwe is one of the leading cement and allied products producers in Zimbabwe. The now Swiss-headquartered company was established in the country in 1956 first as The Salisbury Portland Cement Company Limited then owned by the United Kingdom based Associated Portland and Manufacturers Association. It was listed on the Zimbabwe Stock Exchange ("ZSE") in 1980, and subsequently changed its name to Circle Cement Limited ("Circle Cement") in 1982 in line with the change in the holding company name to Blue Circle Industries Plc. The Company was acquired by Lafarge in 2003 and relisted on the ZSE as Lafarge Cement Zimbabwe Limited in 2007. The Company has made a tremendous contribution to the country's construction industry. Landmark construction projects in the country including the Kariba Dam, Cabora Bassa Dam, major high rise buildings and bridges were built with Lafarge cement which attests to the fact that it is a tried and trusted product.

LAFARGEHOLCIM
CORPORATE PROFILE

The leading global construction materials and solutions company

80+
countries

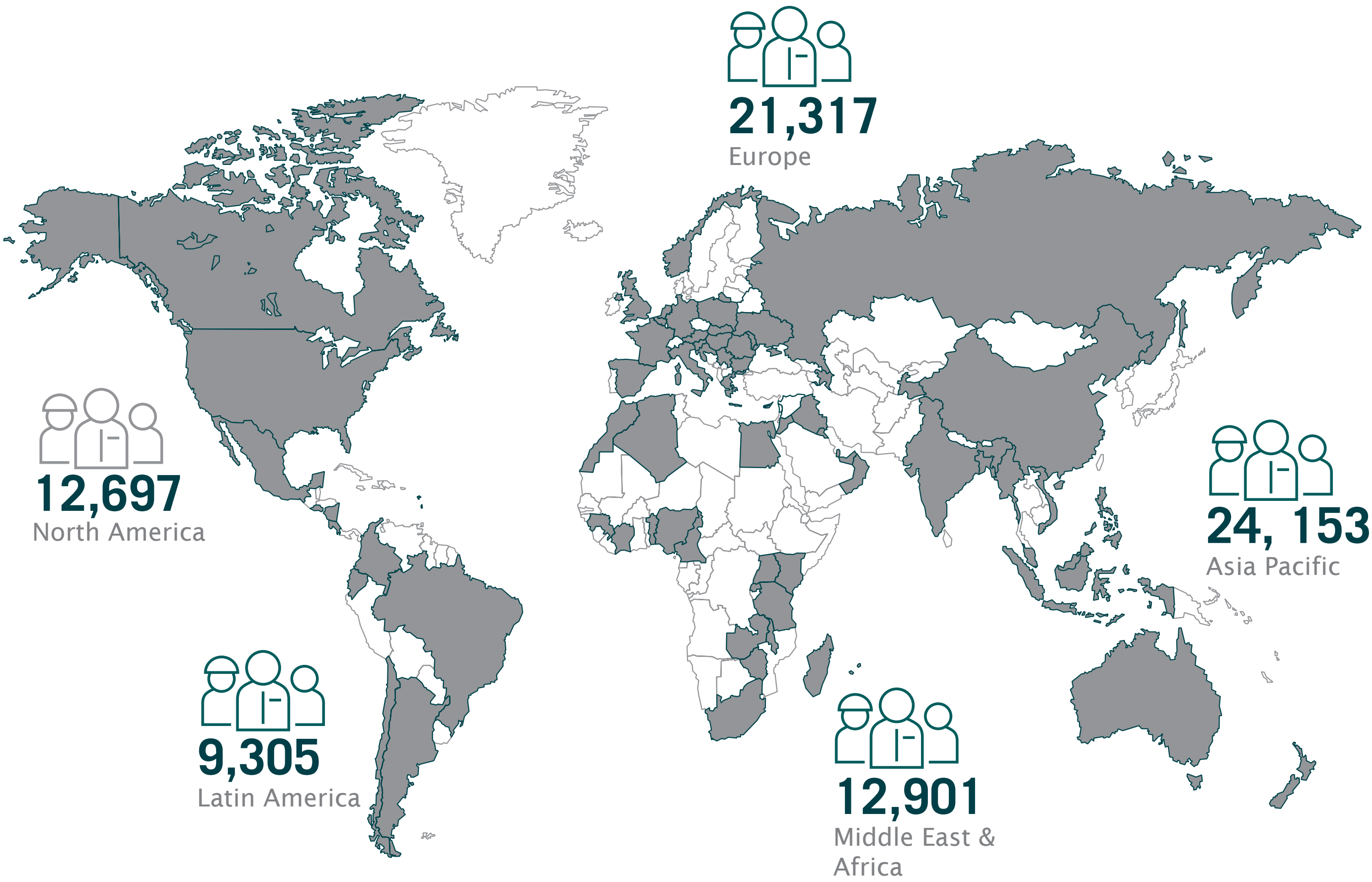
2 300
operating sites

26.1
billion CHF net sales (2017)

81 000
employees

Listed on the Swiss stock exchange SIX and Euronext Paris

GLOBAL
FOOTPRINT



OUR
PRODUCTS

Lafarge Cement Zimbabwe is the only diversified cement manufacturer in Zimbabwe. Our broad product range is suitable for industrial players, individual home builders, concrete makers and any other cement users. In addition, our long-standing international experience has gained us the expertise to produce and supply quality cement and other building material to satisfy the needs of all our customers.

CEMENT

Cement is the main product line of our business. We have three brands on offer catering for varied construction requirements.

Lafarge Masonry Cement 22.5X is a cement which is ideal for general construction works (plastering, brick laying, screeds). It is formulated from Clinker and interground limestone, in accordance to the requirements of ZWS ENV 413:2001.

Portland Cement 32,5R is a rapid setting cement with a wide range of applications, ranging from domestic concrete to large building projects. Its high strength performance makes it suitable for both general purpose and structural concrete applications. Portland Cement 32,5R is formulated from Clinker and interground with limestone, in accordance to the requirements of the standards adopted from the ZWS EN 197:2000.

SupaSet is a rapid setting cement which offers quick turnaround on production resulting in higher productivity and better returns. SupaSet is a premium brand which offers high quality bricks, concrete and other applications for less.

OUR PRODUCTS

AGGREGATES

Lafarge Cement Zimbabwe is one of the key producers of aggregate materials in the country. The plant, operating out of the Sternblick Quarry, has capacity to produce 200,000 tonnes aggregate material per annum.

Washed Sand

Crusher Run

6mm Stones

20mm Stones

OUR
PRODUCTS

LIME-BASED PRODUCTS

This is a growing category of lime-based products. The range offers products usable in agriculture and also for construction finishes.

CORPORATE STRUCTURE

Auditors
Deloitte & Touche

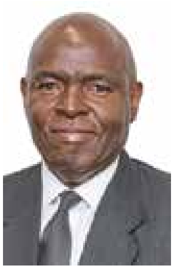
Principal Bankers
Standard Chartered Bank
Stanbic Bank
Ecobank

Transfer Secretaries
First Transfer Secretaries (Private) Limited

Workers' Committee
Norman Katsiga - Chairperson
Blessing Nhende - Vice Chairperson
Lawrence Dzengerere - Secretary
Venancio Mupereri - Vice Secretary
Esther Gwekwerere
Emmanuel Chibanda
Douglas Mungofa
Rangemore Kambanga
Trynos Mukwarami
Violet Mandove

BOARD OF DIRECTORS

K. C. Katsande
Chairman



A. Tantawi
Chief Executive Officer

J. Cantillana-Ibarrola
Non-Executive Director

D. L. Cruttenden
Non-Executive Director

D. Drouet
Non-Executive Director

M. A. Masunda
Non-Executive Director

S. M. Mutangadura
Non-Executive Director

H. Mapondera
Company Secretary

MANAGEMENT
STRUCTURE

Amal Tantawi
Chief Executive Officer

Amal Tantawi has been with Lafarge Cement Zimbabwe since 2014. She has over 30 years' executive management experience, 19 of which have been in the cement industry in Middle East, Africa and European markets.

Host Mapondera
Chief Finance Officer

Host Mapondera has been with Lafarge Cement Zimbabwe since 2015. Prior to joining the LafargeHolcim Group he worked for more than 19 years with The Coca-Cola Company. He has vast experience in Finance, Marketing and Franchise Operations, Commercial Finance and Business Development.

Edith Matekaire
Commercial & Logistics Director

Edith Matekaire joined Lafarge Cement Zimbabwe in 2013 and has over 20 years of experience in the Commercial profession. She has a wealth of experience having previously worked in other multinational organisations: Unilever, Coca-Cola, and Innscor Africa.

MANAGEMENT
STRUCTURE

Precious Murena- Nyika
Human Resources &
Communications Director

Precious Murena- Nyika joined Lafarge Cement Zimbabwe in 2011. She has over 13 years experience in Human Capital Development and Consultancy and serves on the boards of industry bodies such as Confederation of Zimbabwe Industries and Institute of People Management of Zimbabwe (IPMZ), of which she is the current President.

Aly Farghaly
Safety, Health,
Environment & Security
Director

Aly Farghaly joined the Company in 2013. He has extensive experience in developing Health and Safety Management Systems. He has been in the cement industry for over 25 years having previously worked in multinational organisations, namely Blue Circle and Titan, where he was responsible for different operation and construction functions.

Evangelos Politis
Plant Manager

Evangelos Politis joined Lafarge Cement Zimbabwe in 2017. He has over 15 years' experience in Cement Manufacturing with extensive focus on leading operations and projects at FL Smidth in Egypt and Titan Cement SA in Greece.

CHAIRMAN'S REPORT

K.C. Katsande - Chairman

THE BUSINESS ENVIRONMENT

The economy registered a modest gross domestic product (GDP) growth of 3.7% (Ministry of Finance and Economic Development and Reserve Bank of Zimbabwe projections) which was led by agricultural operations driven mainly by maize output and other cash crops, especially tobacco. The growth in GDP impacted positively on industry and commerce in general. According to the Company's internal database system, the cement industry in Zimbabwe registered a growth of 6.5%.

Heavy rainfall adversely affected cement stocking patterns and partially contributed to low sales in the early part of 2017. The cash and liquidity situation constrained business transactions, especially in the first quarter. However, business and consumers quickly embraced e-transactions and mobile money. The drawbacks experienced in the first quarter were partially reversed in the latter half. Ultimately, the contagion effect of import costs spread across quickly to other locally produced goods, resulting in price increases of most commodities and staple foodstuffs.

The country continued to experience significant shortages of foreign currency as companies battled to sustain business operations. The limited availability of foreign currency resulted in the continued rationing of foreign currency allocations from banks. Regrettably, this situation created a huge foreign currency payment backlog for some critical equipment and other production inputs, resulting in the accumulation of foreign payables on the balance sheets of many companies. Consequently, many companies were forced to defer industrial and manufacturing upgrades as well as major critical repairs.

The cost of distributing goods went up exponentially, driven mainly by import costs associated with replacement of vehicles, tyres and spares.

The housing construction segment sustained growth momentum in 2017. This segment witnessed incremental sales as individual investors sought safe havens for their investments. New business opportunities for cement and aggregates arose as new contractors entered the low cost and affordable housing market. Additional housing projects started mainly in the core Harare market and in fast growing towns such as Norton, Masvingo, Gweru and Beitbridge. Most of these projects are likely to run for the next 2 to 4 years. The Harare market in particular experienced increasing competitive pressure among the main cement producers, which focused their respective efforts to capture market share in the emerging housing projects.

CHAIRMAN'S REPORT

RESULTS

Following a subdued first quarter ended 31 March, the Company recorded a full year sales decline of 4% to US$58.48 million from US$61 million in the prior year.

The Lime-based Products business segment, which includes agricultural lime, Impermo and Tilecoat, performed exceptionally well in 2017, registering a sales growth of 382%. This was driven mainly by Command Agriculture purchases and joint product marketing partnerships. Plans are under way to increase the output of these by-products by enhancing automation.

The Company achieved an 18% reduction in cost of sales following normalisation of factory operations from the upgrade of the Environmental Control Unit. Consequently, the Company recorded a normalized gross profit of US$17.91 million from US$11.64 million in the prior year.

However, due to reasons cited above and additional costs incurred to optimise logistics networks, distribution costs increased by 6%. Administration expenses increased by 26% mainly driven by the SAP project implementation costs and current information system productivity upgrades. Retrenchment costs recorded in the year reflected the partial implementation of plans targeted at managing costs.

As a result, the Company recorded a profit before interest and tax of US$0.86 million, down from US$4.47 million in 2016. The Company incurred increased finance costs due to the utilisation of standby financing facilities. Ultimately, the Company registered a total loss after taxes of $0.61 million from a profit of $3.13 million in the prior year, a decline of 119%.

The total current assets increased by 3.9%, largely due to increases in prepayments, following a decision to hedge price increases on strategic raw materials. Total equity reduced marginally by 6.5% to US$37.95 million due to a reduction in retained earnings and declaration of a dividend. Total current liabilities increased by 9.2% to $38.18 million mainly because of related party payables.

BORROWINGS

The Company had no borrowings as at 31 December 2017. However, one of the bank accounts carried an overdraft of US$0.93 million in 2017 from US$0.65 million in the prior year.

CAPITAL EXPENDITURE

The Company continues to invest in developmental projects. As at 31 December 2017, the Company had invested US$3.74 million towards plant and machinery upgrades.

OUTLOOK

The year 2018 has kicked off with a much-improved performance in comparison to the prior year. The increased activity in the low-income housing sector, where demand for low cost housing which outstrips supply, is likely to spur sustained growth. In addition, it is anticipated that there will be growth in non-cement categories such as aggregates and special products. The Company is poised to take advantage of increased by-product output capacity to step up sales in this sector. It is therefore projected that profitability in 2018 will be much improved.

K. C. Katsande
CHAIRMAN
29 March 2018

DIVIDEND

The Directors have recommended that no dividend be declared due to the low profits recorded by the Company during the period under review.

BY ORDER OF THE BOARD

H. Mapondera
Registered Office
Company Secretary
Manresa Works
Arcturus Road, Harare, Zimbabwe

29 March 2018

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE TO MEMBERS

Notice is hereby given that the 64th Annual General Meeting of the members of Lafarge Cement Zimbabwe Limited will be held at Manresa Club, Arcturus Road, Harare, at 1200hrs on Thursday 19th July 2018, for the purposes of transacting the following businesses:

ORDINARY BUSINESS

1. To receive, consider and adopt the Financial Statements of the Company and the reports of the Directors and Auditors for the year ended 31 December, 2017.

2. Election and Retirement of Directors
   i. To note that in terms of article 100 of the Articles of Association 1/3 of the Directors shall retire from office and be eligible for re-election. Mr. Kumbirayi Chiimba Katsande retires by rotation, and being eligible, offers himself for re-election, Mr. David Leslie Cruttenden retires by rotation, and being eligible, offers himself for re-election.

   ii. To note the resignation of Mr. H. Mapondera from his role as Chief Finance Officer and Company Secretary respectively effective from 30 June 2018 and Mr. Jose Cantillana Ibarrola following his departure from Lafarge Holcim SA effective from 22 March 2018.

   iii. To note the appointment of Mr. Mohammed Nayah as interim Chief Finance Officer effective 1 July 2018.

   iv. To note the appointment of Mrs. Flora Chinhaire as interim Company Secretary effective from 1 July 2018.

   v. To confirm the appointment of Mr. Pierre Deleplanque as a Director of the Company following.

3. Directors' Fees
   To approve the fees paid to Directors of the Company amounting to USD53,752.00.

4. External Auditors
   i. To fix the remuneration of Auditors for the past year amounting to USD45,000.00.

   ii. To reappoint Deloitte & Touche as Auditors for the ensuing year.

5. Dividend
   To note that no dividend was declared by the Directors in 2017.

APPOINTMENT OF PROXY

In terms of the Companies Act [Chapter 24:03], a member of the Company is entitled to appoint one or more proxies to attend, vote and speak in his or her stead. A proxy need not be a member of the Company.

Proxy forms must be deposited at the registered office of the Group not less than forty-eight (48) hours before the time appointed for holding the meeting.

By order of the Board

H. Mapondera
Company Secretary

Registered Office
Manresa Works,
Arcturus Road,
Harare

Friday, 15th June, 2018

DIRECTORS' REPORT

The directors have pleasure in presenting their annual report together with audited financial results for the year ended 31 December 2017.

Share capital
The authorised number of shares of the Company remained unchanged at 80,000,000 shares with a nominal value of US$0.01 per share.

Reserves
The movement in Equity was a result of a dividend declared of $2 022 680 .

Financial perfomance
The Company's historical results for the year ended 31 December 2017 are summarised as follows:

	2017	2016
	$	$
Revenue	58,476,212	61,004,062
(Loss)/Profit	(609,589)	3,127,180
Margin	-1.04%	5.13%

The company incurred an after tax loss of $609 589 due to the negative impact of higher operating costs. These costs were driven by an increase in maintenance costs as a result of the high cost of imported spares and services.

Basic earnings per share decreased to (0.008c) from 0.039c in 2016.

Borrowings
The Company ended with no borrowings except for an overdraft from Stanbic Bank.

Capital Expenditure
Capital expenditure for the year amounted to $3.74 million with a significant portion of the expenditure going towards replacing the kiln shell and cooling system.

Dividend
The Directors have recommended that no dividend be paid due to the after tax loss recorded by the company during the period under review.

Directorate
During the year, Mr Dominique Drouet was reappointed to the board.

Directors' interest
There were no Directors with interests that conflicted with the Company's business.

Directors' fees
A resolution will be proposed at the Annual General Meeting to approve Directors' fees in respect

of the year ended 31 December 2017 amounting to $53 752.

Auditors
In line with section 151 of the Companies Act [Chapter 24.03], members will be asked to vote on a resolution that the retiring auditors of the company, Deloitte & Touche, be reappointed as auditors.

By order of the Board

H.Mapondera
Company Secretary
29 March 2018

PROXY
FORM

POSTAL ADDRESS
THE SECRETARY
LAFARGE CEMENT ZIMBABWE LIMITED
P.O.Box GD 160
Greendale
Harare
Zimbabwe

Sixty-Fourth Annual General Meeting

I/We ....

of ....

being a member of the above Company and entitled to vote, hereby appoint

....

of ....

or failing him ....

of ....

or failing him the Chairman of the meeting as my/our proxy to vote for me/us on our behalf at the Annual General Meeting of the Company to be held at Manresa Club at 1200hrs on 19 July 2018 and at any adjournment thereof.

Signed this .... day of 2018

Signature of member: ....

NOTE : A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend, vote and speak in their stead. A proxy need not be a member of the Company . Proxy forms must be lodged at the registered office of the Company not less than forty-eight hours before the scheduled time of the meeting.

Change of Address

Shareholders are reminded of the need to keep the Company's transfer secretaries up to date with their contact details. If contact details have changed within the past year, please complete this form and hand it over to the Company secretary at the Annual General Meeting.

Shareholder's name in full ....
(Block letters please)

....

New address ....
Block letters please)

....

....

....

Email address ....

Shareholder's signature ....

STATEMENT ON
CORPORATE GOVERNANCE

Lafarge Cement Zimbabwe Limited ("the Company" or "Lafarge Cement Zimbabwe") places high standards on corporate governance and is committed to the principles of openness, and is committed to the principles of openness, integrity and accountability. The ultimate goal is to assure the long term value and success of the company in the interest of various stakeholder groups. This includes continuous improvement to decision-making processes and management systems through legal, organisation and ethical directives as well as measures to enhance transparency.
The Directors and employees of Lafarge Cement Zimbabwe strive to ensure that the Company is managed in an efficient, accountable, responsible and moral manner. The Board of Directors endorses the Zimbabwe Stock Exchange (ZSE) Listing Requirements requirement to comply with Code of Corporate Practices and Conduct contained in the Cadbury or King Reports on Corporate Governance ("the Code") and believes that in all material aspects, the Company has complied with the principles of the Code throughout the year under review.

BOARD OF DIRECTORS

The Board currently comprises seven directors, including four independent non-executive directors. The Board composition is balanced so that an individual or small group can dominate decision making. The depth of experience and diversity of the board ensures that robust and forthright debate occurs on all issues of material importance to the Company.

The Company aims to achieve a balanced relationship between management and control by keeping the roles of the Chairman and Chief Executive Officer ("CEO") separate and ensuring that no individual has dominant control over decision making. The Chairman is an independent, and non-executive Director appointed by the shareholders.

The Board is responsible to shareholders for strategy and direction, review of management decisions, monitoring of operational performance and management, risk management processes and formulation of policies, setting of authority levels and the selection of new Directors.

The Board is also responsible for the integrity and quality of communication with stakeholders, including employees, regulators and shareholders.

The Board is responsible for the review of risk management processes in the Company and ensures that Board policies and decisions on risk are properly implemented.

The Lafarge Cement Zimbabwe Board meets formally at least four times annually and the Company's Articles of Association makes provision for decisions to be taken between meetings through written resolutions, where necessary. Four meetings were convened in 2017.

BOARD COMMITTEES

The Board is assisted in the discharge of its responsibilities by subcommittees. The committees operate under approved mandate and terms of reference which define their functions and responsibilities. These committees are accountable to the Board, with the exception of the Executive Committee of Management which reports to the Chief Executive Officer. Minutes of sub-committee meetings are available to Board members. Senior management staff are invited to attend meetings where appropriate.

AUDIT COMMITTEE

The Audit Committee assists the Board in the discharge of its duties relating to financial reporting and performance, reviewing internal and external reports, internal control system and compliance, and the effectiveness of accounting and management information systems.

RETIREMENT AND ELECTION OF DIRECTORS

All Directors with the exception of the Chief Executive Officer are subject to retirement and re-election on rotational basis with one third of the board being elected annually. This is in accordance to Article 100 of the Company's Articles of Association.

COMPANY SECRETARY

The Company Secretary is responsible for implementing and sustaining high levels of corporate governance and keeps abreast of legislation, regulations and corporate governance developments which may impact on the Company.

RECORD OF DIRECTORS' ATTENDANCE

In accordance with the Companies' Act [Chapter 24:03] and the ZSE Listing Requirements, the record of Directors' attendance and meetings held during the year 2017 is available for inspection.

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 were appropriately recorded by the Company Secretary, circulated and approved at subsequent Board meetings.

STATEMENT ON
CORPORATE GOVERNANCE

BOARD MEETINGS

The Board had 4 meetings during the financial year. The following table shows membership and the attendance of the Directors at the Board meetings held in 2017 financial year.

Board Meetings 2017

	6 Feb	26 APr	5 Jun	19 Oct
K.C. Katsande	Yes	Yes	Yes	Yes
M.A. Masunda	Yes	Yes	Yes	Yes
A. Tantawi	Yes	Yes	Yes	Yes
H Mapondera	Yes	Yes	Yes	Yes
S. M. Mutangadura	No	No	No	No
D. Drouet	No	Yes	Yes	Yes
D.L. Cruttenden	Yes	Yes	Yes	Yes
J. Cantillana Ibarrola	No	No	No	Yes

Audit Committee Meetings 2017

	10 Mar	15 Sep
M.A. Masunda	Yes	Yes
A. Tantawi	Yes	Yes
H Mapondera	Yes	Yes
D.L. Cruttenden	Yes	Yes
D. Drouet	No	Yes

SH&E and CSR Committee Meetings 2017

	5-Jul-17
M.A. Masunda	Yes
A. Tantawi	Yes
D.L. Cruttenden	Yes

DIRECTORS' COMPENSATION

The disclosure of Non-Executive Directors' fees and remuneration is made in Note 10 of the Financial Statements. The number of shares held by the Directors have been disclosed in the Report of Directors.

ORGANISATIONAL ETHICS AND BUSINESS INTEGRITY

The issue of good governance and ethical conduct is critical to counterparty and investor perceptions of a listed company. Lafarge Cement Zimbabwe strives to ensure that the Company's integrity and professional conduct is beyond reproach at all times. While it is probably impossible to achieve a perfect result, the Company attempts to limit the cost of unethical behaviour to the Company's stakeholders. The Code of Business Conduct, binding for the entire Company, is part of the internal regulation to reinforce ethical behaviours amongst its employees.

Lafarge Cement Zimbabwe has a firm approach to dealing with any inappropriate or fraudulent behaviour of management or staff, suppliers or customers.

EXECUTIVE COMMITTEE OF MANAGEMENT

The Executive Committee of Management, headed by the Chief Executive Officer, is empowered and responsible for implementing the strategies and policies determined by the Board, managing the business and affairs of the Company, prioritising the allocation of technical and human resources, and establishing best management practices.

MANAGEMENT REPORTING

The Company has established management reporting procedures which include the preparation of annual strategic plans, mid-term plans, plant development plans and budgets. Actual results are reported monthly against approved budgets and revised forecasts and compared to the prior year.

LEGAL COMPLIANCE

Lafarge Cement Zimbabwe is committed to ensuring compliance in all its operations. The Compliance function, which falls within the Legal and Compliance department, promotes a principles-based culture of integrity that respects not only the letter of the law but also the spirit underlying these principles. While management determines the culture of the organisation, the role of the Compliance Function is to assist management to develop compliance-minded leaders/ employees and promote and foster a foundation of integrity in its business practices.

To achieve the above, the Compliance function conducts various trainings within the organisation in collaboration with the LafargeHolcim Group Compliance function. In 2017 the Compliance function conducted, among others, the following trainings:

1. Mandatory Anti-Bribery and Corruption ("ABC") Face-to-Face training
2. Mandatory Fair Competition ("FC") Face-to-Face training
3. Third Party Due Dilligence ("TPDD") Face-to-Face training
4. Conflict of Interest ("CoI") training and rollout of the COI online Tool.

All these programmes are aimed at ensuring that Lafarge Cement Zimbabwe and third parties dealing with it are in line with all applicable laws and act with utmost integrity.

STATEMENT ON CORPORATE GOVERNANCE

CODE OF BUSINESS CONDUCT

Integrity is at the heart of all our actions at Lafarge Cement Zimbabwe. The Company firmly believes that integrity is consistent with organisation success. The Company's Code of Business Conduct defines what integrity means for the business, offers guidance and provides examples to help employees when confronted with challenging situations in their daily work. The Company strives to create an environment where honesty and accountability flourish and compliance is a central focus. The Company's Code of Business Conduct together with the Company's policy is sufficient to ensure the business is conducted with integrity. The Areas Covered by the Code of Business Conduct Include:

- Health and Safety
- Diversity, fairness and respect
- Protection of the Company's assets
- Protection of the environment
- Conflicts of Interest
- Information systems, email and social media
- Anti-corruption, gifts and hospitality
- Dealing with competitors, suppliers and customers.

EXTERNAL AUDITORS

External auditors are appointed by the shareholders and are subject to re-appointment at the Company's AGM. The Company periodically rotates external auditors to ensure independence of the auditors is sustained. The current auditors are Deloitte & Touche. External Audit with support of management ensure that value-adding and independent audits are undertaken.

INTERNAL CONTROL

The control systems are designed to safeguard the Company's assets, maintain proper accounting records and ensure the reliability of management and financial information produced by the Company. Control systems are based on established LafargeHolcim policies and procedures and are implemented by trained personnel, with an appropriate segregation of duties. The Internal Control management cycle with full support from LafargeHolcim Internal Control is in place and is executed annually to confirm the effectiveness and efficiency of the control environment. Management acknowledges its responsibility for Internal Control through the Annual Certification process as part of the group's compliance with the Swiss Stock Exchange ("SIX") in Zurich and Euronext in Paris. The Group is required to comply with both the Swiss and the French laws which require that management of listed entities certify that they have evaluated the effectiveness of internal controls within the Group.

The Board of Directors with the support of the Audit Committee, ensures the existence and assesses the design and the effectiveness of the Internal Control System, including risk management, and forms an impression of the state of compliance within the Company. The Company Executive Committee monitors the proper implementation of internal controls, their effectiveness and efficiency.

The continuous process to mitigate business risks better through improving the effectiveness and efficiency of internal controls is part of the management cycle and each country/ entity performs the following actions:

- Prepares a specific annual action plan on internal controls.
- Reports status updates on this action plan to Group Internal Control.
- Assesses annually the existence and the effectiveness of internal controls in accordance with instructions provided by Group Internal Control.

The implementation of this action plan is followed by relevant senior management. These procedures contribute to the annual internal control assessment performed by Group Internal Control.

STATISTICS
AND FINANCIAL RATIOS

Statistics and Financial Ratios for the year ended 31 December 2017

	2017	2016
Share Statistics		
Number of shares in issue (millions)	80	80
Net assets per share ($ per share)	0.474	0.507
Basic earnings / (loss) per share ($ per share)	(0.008)	0.039
Profitability and Asset Management		
Operating profit / (loss) to revenue	1.5%	7.3%
Profit / (loss) before tax to revenue	0.6%	6.9%
Return on shareholders' funds	(1.6%)	7.7%
Liquidity		
Current ratio	1.03	1.08
Total liabilities to total shareholders' funds	116.8%	101.9%
Borrowings to total shareholders' funds	2.5%	1.6%
Employees		
Number of employees	216	255
Revenue per employee ($)	229,318	239,232
Operating (loss) / profit per employee ($)	3,380	17,520
Capital Expenditure		
Purchase of property, plant and equipment ($)	3,739,998	8,833,834
Depreciation Expense ($)	3,608,446	3,057,081
Mines Development Amortisation ($)	874,394	516,922
Approved Capital Commitments ($)	3,313,000	2,683,075

DELIVERING CONVENIENCE TO THE HOMEBUILDER

SUSTAINABLE
DEVELOPMENT

Sustainability is an integral part of the Lafarge business strategy as a key lever for revenue generation and value creation. It is a significant part of our long-term vision for both financial and reputational growth. We therefore, aspire to demonstrate leadership in sustainable development practices by continuously setting new sustainability standards for our business as well as for our peers in industry.

Our sustainable development strategy, which draws from the United Nations 2030 Agenda for Sustainable Development, goes beyond simply providing a framework for assessment and mitigation of the impact of our operations but also addresses the positive impacts our business can have beyond the boundaries of our plants.

The plan is supported by four pillars: 1. Climate 2. Circular Economy 3. Water and Nature 4. People and Communities. Lafarge Cement Zimbabwe's sustainability focus for 2017 focused on addressing priorities outlined in two main pillars which are Water and Nature, and People and Communities. Our activities are aimed at ensuring a better future for our business and local communities through environmental conservation and rehabilitation practices. We also strive to ensure that as our business grows, our employees develop their skills and the community around us grows through our corporate social investment activities and commitment to health and safety.

ENVIRONMENT

Lafarge Cement Zimbabwe remains committed to environmental stewardship by minimising the impact to the environment. The Company maintained its ISO14001:2004 certification and is now working on closing the gap to meet requirements for ISO14001:2015.

Dust emissions reduced by 40% in 2017 as a result of the upgrade done on the Electrostatic Precipitator ("ESP").

Progressive rehabilitation in the Sternblick quarries continues. Annually, 500 trees are planted to create an aesthetic barrier for the communities around our operations.

In observing the Annual Tree Planting Day 2017, Lafarge Cement Zimbabwe set up a seedlings nursery in partnership with Friends of the Environment. This nursery will supply seedlings for our future tree planting initiatives and support the progressive rehabilitation of our quarries.

Lafarge Cement Zimbabwe continued with its support for the Mabvuku Recycling Centre. The Centre advocates for waste segregation at source by purchasing recyclable waste from the local community.

SAFETY

Health and Safety is at the core of our business. As a member of LafargeHolcim, we implement programs to drive a consistent approach and zero-harm culture in all our operations. We believe that nothing we do is worth getting hurt for and therefore conduct our business in a manner that leads to creating a healthy and safe environment for all stakeholders (employees, contractors, communities and customers) built on a true safety culture.

Safety performance

We are proud to report that by the end of the year, no fatality had been recorded at Lafarge Cement Zimbabwe, accumulating 1.5 million fatality free days. No Lost Time Injury ("LTI") was recorded for Lafarge Cement Zimbabwe with one LTI recorded from contractors working on our site. Safety performance improved significantly as the Health and Safety Management

System matured ("HSMS").

Accident Evolution

	2015	*2016*	*2017*
Fatalities	*0.00*	*0.00*	*0.00*
LTI Lafarge	*0.00*	*1.00*	*0.00*
LTI Contractor	*0.00*	*0.00*	*1.00*
Frequency Rate (Lafarge)	*0.00*	*1.46*	*0.0*
Frequency Rate (Contractor)	*0.00*	*0.00*	*1.16*
LTIFR (Lafarge + Contractor)	*0.00*	*0.75*	*0.65*
TIFR (Lafarge + Contractor)	*0.70*	*1.50*	*0.65*
Medical Injuries employees + contractors	*0.00*	*1.00*	*0.00*

Health and Safety Improvement Plan

Lafarge Cement Zimbabwe seeks to continually improve Health and Safety Management Systems ("HSMS"). To this end, the organisation committed to four strategic objectives for the Health and Safety Improvement Plan (HSIP). These areas are selected using input from internal and external stakeholders. In 2017, the focus was on:

Strategic Objectives

a. Road Safety
b. Health Program
c. Housekeeping
d. Prevention of traditional fuels explosion

Routine Objectives

a. Behaviour Based Safety
b. Health & Safety Management System
c. Enhanced Health & Safety Induction
d. Risk Management
e. Safe Lifting

Lafarge Cement Zimbabwe performed exceptionally well in these areas, obtaining high grades in the global assessment of the work done under these objectives.

Thought Leadership on Health and Safety

We continue to influence thought leadership in Health and Safety. This year the inaugural Media workshop for Health and Safety was conducted with participation from 27 journalists from different media houses.

SUSTAINABLE
DEVELOPMENT

SAFETY

Global Health and Safety Days 2017

In 2017, the global Health and Safety strategy was revised to emphasise zero fatalities. Health and Safety activities have been supported by engagement and communication at different levels. Our Global Health and Safety Days, introduced in 2016, were continued in 2017, under the theme "I Stop Unsafe Work." During the Global Health and Safety days, we reached out to the different groups of stakeholders through various initiatives to spread the culture of Health and Safety.

EMPLOYEES AND CONTRACTORS

The launch of the Global Health and Safety Days was marked by all Lafarge employees and contractors signing a pledge to stop unsafe work practices.

CUSTOMERS

Lafarge Cement Zimbabwe took time to remind its valued customers of the importance of Health and Safety.

SUPPLIERS

Lafarge Cement Zimbabwe also took time to visit supplier sites to share best practices on Health and Safety.

SAFETY

Launch of Super Safe, the Cement Man

Lafarge Cement Zimbabwe wishes to cultivate a culture of Health and Safety among young people. Safety at home and on the roads is very important in our daily lives. As such it is critical that children develop and grow up with good safety habits. In order to spread safety messages, Lafarge Cement Zimbabwe launched a super hero, "Super Safe" and his sidekick "Simba" who are safety ambassadors. Super Safe the Cement Man is strong, dependable, safe and reliable. He is always ready to help anyone in need to stay safe and secure. Simba, is a smart, energetic happy young boy with a heart for adventure and a hunger for knowledge. Together, Super Safe and Simba teach children safety through cartoon strips published every week in the Newsday Weekender and on our digital platforms.

SAFETY

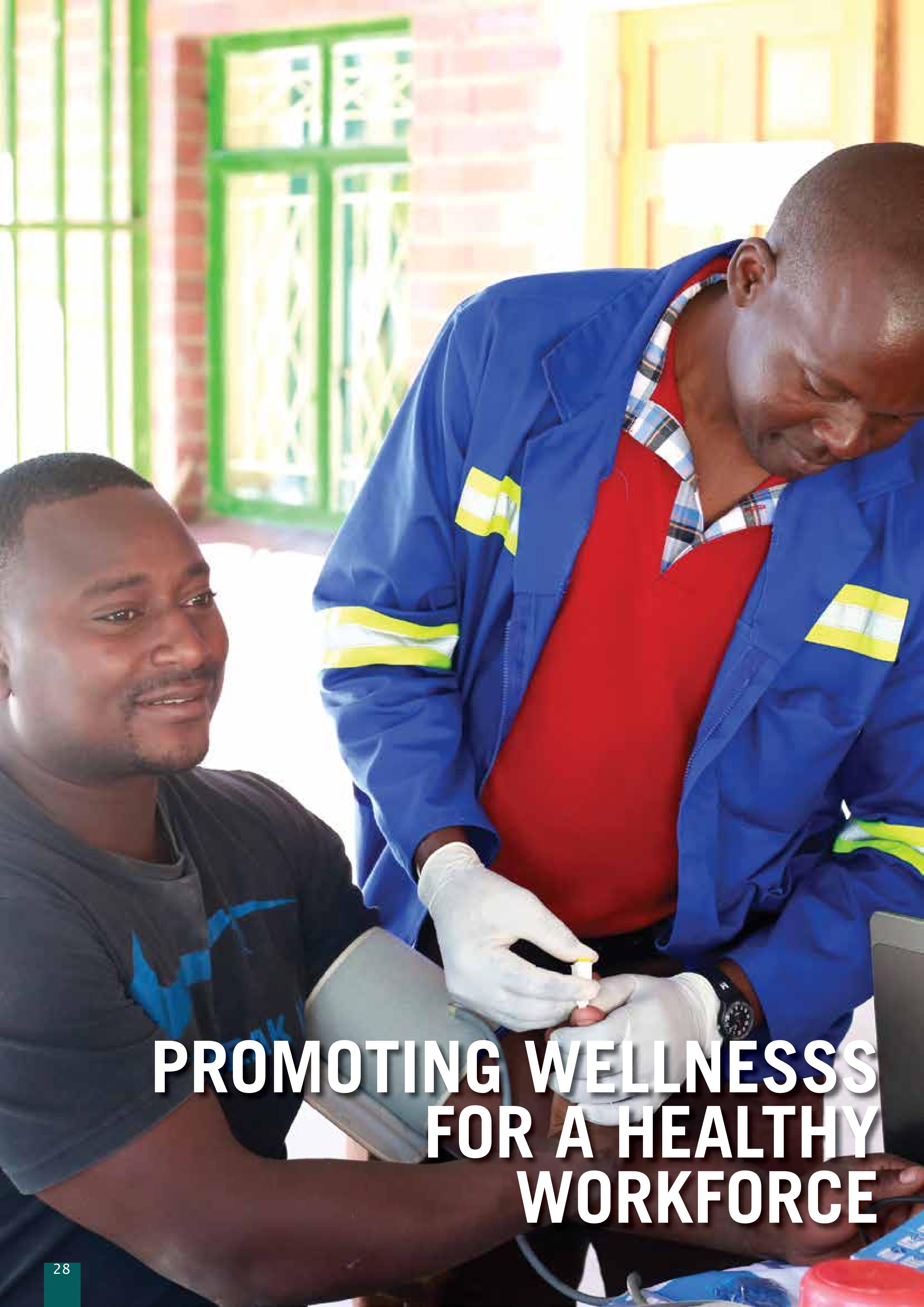
Lafarge rolls out Smith Training for truck drivers

Road carnage is one of the major causes of death in Zimbabwe. As a Company that clocks over 1.1 million km per year delivering our diverse products, Road Safety is a key pillar in our commitment to conducting our business with zero harm. In 2017, Lafarge Cement Zimbabwe rolled out the Smith Driver Training system which empowers drivers by providing them with the knowledge and tools to make better decisions behind the wheel. The Smith System has been changing driving habits since 1952 and it is used world over as a Driver Improvement Programme. Lafarge Cement Zimbabwe has joined other world class companies in adopting The Smith System for its drivers. Smith Training is credited with many benefits:

- Reduced collision potential;
- Improved fuel efficiency;
- Reduced vehicle maintenance costs;
  and insurance expense; and
- Less anxiety, frustration & stress for the driver whilst driving.

35 drivers were trained in the course of the year. This programme is set to be rolled out to all our internal and contractor drivers in 2018, as drivers attest to the benefits of the programme.

35 drivers were trained in The Smith System as part of our commitment to Road Safety



PROMOTING WELLNESSS FOR A HEALTHY WORKFORCE

HEALTH

Lafarge Cement Zimbabwe's wellness program supports ten pillars for the health and wellness of its employees. The ultimate goal of this program remains to attain optimum employee health and wellness.

Lafarge Wellness Pillars

Occupational Health

Social Wellness

Physical Health

Medical Health

Sexual/ Reproductive Health

Spiritual Wellness

Environmental Health

Intellectual Health

Mental Health

Financial Wellness

These pillars are backed by policies that protect the health of the workforce and are supported by initiatives to prevent work related injuries and long-term disabilities. The policies promote health and wellbeing, while managing health care costs. With these initiatives, illness or injury related absenteeism is significantly low and instead there is higher productivity among employees. In order to provide more comprehensive medical care for employees and contractors on site, Lafarge outsourced the clinic to one of the leading Medical Aid societies in the country, CIMAS, which enhanced the service portfolio for the clinic. CIMAS upgraded the clinic to include a pharmacy, full time services of a doctor for immediate diagnosis and clinical management of patients. Added to this, CIMAS continues to maintain the medical emergency response support for the organisation which include ambulance services for medical evacuation.

PEOPLE & COMMUNITIES

Lafarge Cement Zimbabwe remains committed to creating shared value beyond our fence to the communities surrounding our operations and act as a socially responsible partner with all its stakeholders. We seek to contribute to effectively improve the quality of life of the members of its workforce, their families and the communities in which we operate.

Stakeholder and Community Engagement

Lafarge Cement Zimbabwe is committed to buiding and maintaining relationships of mutual respect and trust with all our stakeholders. We recognise the value of engaging with the communities in which we operate. Our engagements are based on the belief that it not only enables us to fulfil our social responsibilities, it also adds value to our business. Through our formal Stakeholder Engagement Plans (SEP), Lafarge Cement Zimbabwe meets with various stakeholder groups in the Community Advisory Panels. In this fora, community representatives discuss project ideas, address conflicts, or voice concerns. Concerns can include waste co-processing activities, dust, emissions, transport, and employment, and these issues are usually resolved at local community meetings.

Social Investment

Our Social Investments are based on long-term strategies, implemented in collaboration with specialised local partners to address clear needs in the communities where we operate. Areas of focus include Health, Education, Environment, and Community Development and Empowerment. In 2017, Direct Beneficiaries of the Social Responsibility program grew by 395% as the Company moved toward strategic investment into sustainable projects. Through our Volunteer Program where employees give their time and skills to Community Projects, the Company balances financial assistance with non-financial assistance.

Education

The Lafarge Bursary Scheme continued to support 396 students from the Mabvuku, Tafara and Uzumba-Maramba-Pfungwa communities. There were ten Ordinary Level students and two Advanced Level students. Both Advanced Level students successfully completed their studies and will proceed to university on the Lafarge Bursary.

In partnership with BOOST fellowship, the bursary beneficiaries are underwent Map-4-Life training and career guidance to give them the best chance at success. This is a continuous development program that Lafarge has commited to in order to empower young people for the future.

Community Development and Empowerment

The Company rolled out a Community Empowerment programme called "Shine: Simuka Upenye" which empowered 100 girls from Mabvuku-Tafara to earn sustainable income through socially acceptable means. Lafarge Cement Zimbabwe also partnered with the International Labour Organisation (ILO) to empower the Youth in Harare South through Construction Skills Training. The Youth have been engaged in the construction of a clinic and Youth Centre in Hopely. Using waste boulders from the quarry, the Youth have constructed low traffic volume roads, a concept which can be replicated in communities nationwide. Further, employees of Lafarge Cement Zimbabwe, through a Volunteer Program, constructed a pig-sty for an income-generating project for an Elderly People's Home in Chishawasha.

Lafarge Bursary beneficiaries who underwent Map-4-Life Training.

SHINE: SIMUKA UPENYE

100 GIRLS, 100 MENTORS
100 EMPOWERMENT OPPORTUNITIES
100 DREAMS

Lafarge Cement Zimbabwe rolled out a Community Empowerment Program called "Shine: Simuka Upenye" which empowered 100 girls from Mabvuku-Tafara to earn an sustainable income through socially acceptable means. Through partnerships with technical institutes, the girls went through skills training in Clothing Technology, Brick-Laying & Block-Making and Professional Cookery and Bakery. We partnered with the Women's University in Africa ("WUA") to train the girls in enterprenureship and business management skills.



Mentorship: Each beneficiary of the "Shine:Simuka Upenye" programme was paired with a mentor to motivate, inspire and guide her.



Skills Training: The young women undertook Business Studies at Women's University of Africa ("WUA"). They also studied Clothing Construction, Professional Cookery and Bakery and Brick and Block-Laying at Harare Polytechnic and Msasa Industrial and Technical Colleges



Industrial Attachment: In preparation for the business incubation phase of the programme, the young women were attached to various organisations for industrial experience.

PEOPLE & COMMUNITIES

The Run for a Good Cause.

The "2017 Run for a Good Cause" was held successfully with employees, contractors, suppliers and customers all coming together to combine Wellness with charity work. Race categories were 10km, 5km and the 2.5km family walk. The Run raised 450 blankets and 300 pairs of school shoes which were distributed to the communities around the Lafarge Cement Zimbabwe operations. The blankets were distributed to the elderly in Mabvuku, Tafara and Chishawasha. The school shoes were handed over to infants from St Peter Claver and St Joseph's schools in Chishawasha.

With the support of partners and stakeholders, 300 pairs of shoes and 450 blankets were raised and handed over to the communities around Lafarge Cement Zimbabwe opperations.

OUR
PEOPLE

Our people are essential to the success of our Company. Lafarge Cement Zimbabwe seeks to provide a workplace that is safe, diverse, inclusive and respectful. Our employees thrive in an environment where they can develop and realise their full potential and where each individual contribution is recognised and rewarded.

Succession and Bench Strength

Lafarge Cement Zimbabwe recognises that future growth and sustainability is strategically achieved by building a strong pipeline of talent and enhancing bench strength. It is for this reason that we continue to invest in Graduate Trainee and Apprenticeship programmes.

In 2017, the LafargeHolcim Group adopted the Lafarge Cement Zimbabwe Graduate Trainee concept as a framework for the Regional Program which was rebranded as STEP UP. The program seeks to build managers with a 360 degree appreciation of business.

The Company recruited a total of 22 graduate trainees on the Step Up program and 23 technical apprenticeship trainees in 2017.

Already the results are evident, with key projects being led by the STEP UP Trainees. Notably the company has realised value through innovation and cost avoidance through these projects.

Training

To enhance the skills set of our employees in order to be able to meet current and future job requirements, a total of 20,954 hours were invested in training our employees. Key focus areas for 2017 were Health and Safety which saw an increase in closure rates of incidences to 85% against 80% for 2016. Another focus area was on Commercial Transformation which saw the improved customer engagement levels as demonstrated by the positive stakeholder survey results.

Multi-Skilling Program

Lafarge introduced the Multi- Skilling Programme, a critical exercise to increase skill agility. This is a programme where employees with a particular skills set are provided with training for a skill which may fall in a different department but complements their daily work. For this year's run, the focus was mainly on the maintenance teams which involved a partnership with a local vocational training institute. In this programme Fitters acquired Boiler-making skills and vice versa. Electricians acquired Instrumentation skills and vice versa.

The exercise is ongoing and we are exploring the same initiative to reach the Services functions.

Digitalisation

In line with the digitalisation drive, Lafarge Cement Zimbabwe automated and enhanced key processes in areas such as Finance, through the PACE project ("Pro-activeness, Accountability, Commitment, Efficiency") and Adrenalin, in Human Resources software program; allowing agility in execution through self service initiatives on administrative HR issues. The commissioning of the Access Control System introduced better accountability and security controls thereby impacting overtime and increasing safety of life and assets.

Compliance and Integrity

Our Code of Business Conduct (CoBC) ensures that Directors, Officers, and Employees share the Company's commitment to conducting business with transparency and integrity. It provides guidance on how to put this commitment into practice, and helps to ensure that we adhere to the laws and regulations in our operating countries. The CoBC is supported by a variety of speak-up channels, including the global "Integrity Line," which enables employees to report any integrity-related concerns. Beyond the CoBC, we have specific directives and programs to deal with Anti-Bribery, Corruption, Sanctions, and Trade Restrictions, as well as Fair Competition, in each case supported by compliance tools and targeted training. All Lafarge Cement Zimbabwe employees completed the Anti-Bribery and Corruption Training module with the commercial team also undergoing the Fair Competition training.

Lafarge Cement Zimbabwe celebrated a combined 270 years of service at the 2017 Employee Long Service Awards

COMMERCIAL TRANSFORMATION

At Lafarge Cement Zimbabwe, we want to be a business partner for all players, generate extra sales for our retailers and provide innovative solutions and services for our end consumers. We help our end users: – owners, investors, developers, architects and engineers, masons and contractors – to realise innovative, sustainable and cost efficient buildings along the full life cycle.

Total Market

Total market closed above prior year. This was largely due to increased demand driven by improved liquidity post the successful agriculture season. The year also saw increased activity in the housing segment as participation of financial institutions improved giving rise to better financing options for individual home builders.

Geographic Expansion

Out-of-Harare markets' contribution to total volumes continue to grow. The penetration of our cement into these areas was made easy by the strong equity of our brands due to our sustained investment in marketing activities and a deliberate sales management strategy.

Customer Experience Management

Customer Satisfaction is key to enhancing customer life time value. We are excited to have sustained the use of Net Promoter Score methodology to measuring and improving Customer Satisfaction. During the year, we also introduced a Customer Relationship Management tool and a Call Centre platform, allowing us to know and serve our customers better.

Retail Strategy

The retail sector remained the biggest contributor for our volumes. The retail strategy to bring the product closer to the customer was reinforced in 2017. The TAVAKA franchise has rolled out 70 containers to date. The launch of the Binastore one-stop building shop is expected to drive the growth in the retail channel. Lafarge Cement Zimbabwe opened the doors to one Binastore shop and 2 Binastore containers towards close of 2017.

Affordable Housing

Lafarge Cement Zimbabwe remains committed towards delivering unique solutions to the nation's challenges, particularly in infrastructure development. Our innovation permeates and transforms all aspects of our business with the ultimate goal of serving our customers the best way possible. Lafarge Cement Zimbabwe has thus developed an effective model to tackle the housing backlog in the country.

Over the past year, the Company has been actively involved in the development of Affordable Housing projects across the nation. Working closely with major financial institutions, Lafarge Cement Zimbabwe has been involved in the development of the Stoneridge, Budiriro, Dzivarasekwa, Caledonia suburbs, amongst others. One key project has been the development of an Affordable Housing segment on the Knockmalloch project, with an anticipated 267 housing units for civil servants.

Through the support of the Lafarge Research Centre in Lyon, Lafarge Cement Zimbabwe was able to develop a customised cement product for the Caledonia project, targeted at constructing an estimated 8,000 housing units within 3 years.

The Company has gone beyond being a building materials supplier to delivering solutions for our clients' projects from design stage. Our dedicated Projects team is aimed at providing that extra technical support to our customers, thus working towards our goal of "helping the world build better".

Non-Cement Business

Our diversification efforts are also bearing fruit. The Lime-based products Division delivered significant growth in sales. This performance was underpinned by inroads into the Agriculture Sector through our Agricultural Lime offer and growth in the Tile Adhesives range.

Sustainable Procurement

Lafarge Cement Zimbabwe advocates for responsible sourcing throughout the value chain. Sustainable procurement involves management of social and economic impacts and the encouragement of good governance practices throughout the supply chain. Using the Supplier Code of Conduct, the Company has been working with suppliers on remediation plans to address shortfalls in their systems.

AFFORDABLE HOUSING SOLUTIONS FOR ZIMBABWE

Directors' responsibility for financial reporting

The Directors of the Company are responsible for the maintenance of adequate accounting records and the preparation of the annual financial statements and related information. The financial statements have been prepared in accordance with International Financial Reporting Standards and comply with the disclosure requirements of the Companies Act (Chapter 24:03), the Companies (Financial Statements) Regulations, 1996, and the Zimbabwe Stock Exchange Listing Requirements. The Company's independent external auditors, Deloitte & Touche, have audited the financial statements.

The Directors are also responsible for the systems of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements and to safeguard, verify and maintain accountability of assets and to prevent and detect material misstatements and losses. The systems are implemented and monitored by suitably trained personnel with an appropriate segregation of authority and duties. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The financial statements have been prepared on the going concern basis. The Directors have reviewed the Company's budget and projected cash flows for the year ending 31 December 2018. On the basis of this review and assessment of the current financial position, nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for the foreseeable future.

The financial statements for the year ended 31 December 2017 were approved by the Board of Directors on 28 March 2018 and signed on its behalf by:

________________	________________
K. C. Katsande	A. Tantawi
Chairman	Chief Executive Officer
29 March 2018	29 March 2018

Preparer of the financial statements

The financial statements have been prepared under the supervision of the Chief Finance Officer, Host Mapondera.

____
H. Mapondera (CIMA, CGMA)
Chief Finance Officer
29 March 2018

Deloitte.

PO Box 267
Harare
Zimbabwe

Deloitte & Touche
Registered Auditors
West Block
Borrowdale Office Park
Borrowdale Road
Borrowdale
Harare
Zimbabwe

Tel: +263 (0) 8677 000261
+263 (0) 8644 041005
Fax: +263 (0) 4 852130
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF LAFARGE CEMENT ZIMBABWE

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Lafarge Cement Zimbabwe Limited ("the Company"), as set out on pages 41 to 79, which comprise the statement of financial position as at 31 December 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") together with the ethical requirements that are relevant to our audit of financial statements in Zimbabwe, and we have fulfilled our ethical responsibilities in accordance with the IESBA Code and those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	***How the matter was addressed in the audit***
Revenue – accuracy, occurrence, cut-off	
As set out in note 5, the Company recognised revenue of $58,921,140 in respect of cement for the year. When customers place orders for cement from the Company, sales orders are raised based on the quantity required and prevailing selling prices. Revenue is recognised in the accounting system when, upon collection, the cement ordered has been weighed and appropriately agreed to the original quantity ordered. The weighbridge system through which this weighing process occurs is independent of the accounting system. The accuracy and occurrence of recorded cement revenues is therefore highly dependent on the precision of the weighing processes that confirm the actual quantity of cement despatched.	· We evaluated the design and tested the implementation of controls relevant to the recognition of revenue from cement in the weighbridge and accounting systems · We engaged our control assurance specialists to review the relevant general and application controls over the weighbridge system · Using data on volumes of cement sold and average prices over the period, we performed an independent recalculation of the expected revenues from cement sales and compared these to that recorded in the ledger. · We selected a sample of the last recorded cement sales for the year and tested whether they related to sales transactions that were appropriately concluded before the end of the year in line with revenue recognition requirements. · We selected a sample of cement sales recorded throughout the year and inspected supporting invoices despatch and collection notes, approved price lists and proofs of delivery.

Key audit matter	*How the matter was addressed in the audit*
Revenue – accuracy, occurrence, cut-off - Continued	
The Company is a subsidiary of a foreign parent. Reporting period end procedures allow for a nominal window period within which transactions and balances, including sales, are required to be reconciled, resolved and posted. This creates an inherent risk that sales occurring after the end of the reporting period could be incorrectly included as part of the sales transactions for that period. As a result of the foregoing, we considered the accuracy, occurrence and cut-off of revenue to be key audit matters.	We concluded that the recorded revenues in respect of cement sales had occurred, were accurate and had been recorded in the correct financial period.
Inventory – existence and valuation	
As set out in note 13, the Company has raw materials and work in progress of $ 4,921,182 and $3,655,105 respectively. These inventories comprise bulk, high volume items, such as coal and clinker, that are stored in stockpiles. The measurement of the inventories in these stock piles requires the directors to engage an external quantity surveyor who uses specialist aerial survey techniques. The directors have deemed the measurement of inventories in such stockpiles as being a source of key estimation uncertainty. As a result of the foregoing, we considered the existence and valuation of such inventories as a key audit matter.	· We obtained an understanding of the quantity surveyors' erial survey technique, qualifications and experience with the approach, and evaluated their competencies and objectivity · We observed the quantity surveyor performing the aerial survey of key inventory stockpiles · We obtained an understanding of the underlying assumptions, data and computations used in the determination of the volume of the inventory stockpiles surveyed · We inspected the final report issued by the quantity surveyor and tested whether the quantities agreed to those on the final inventory valuation reports. · We re-performed the final calculations for the determination of the valuation of inventories in the aerial surveyed stock piles and compared these against the amounts recorded in the ledger. We concluded that inventories in stockpiles were valued appropriately and did exist.

Information Other than the Financial Statements and Auditor's Report Thereon

The Directors and management are responsible for the other information. The other information comprises the Directors' responsibility statement (but does not include the financial statements and our auditors report thereon), which we obtained prior to the date of this auditor's report, and the 'key figures', 'Lafarge at a glance', 'vision and mission', 'our products', 'board of directors', 'directorate', committees and administration', 'executive committee', 'chairman's report', 'report of directors', 'statement of corporate governance', 'statistics and financial ratios', 'contribution to revenue', 'shareholder analysis', 'proxy form', and 'creating shared value' schedules, which are expected to be made available to us after that date.

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

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

When we read the schedules expected to be received after the date of the auditor's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, the Companies Act (Chapter 24:03), the Companies (Financial Statements) Regulations, 1996 and the Zimbabwe Stock Exchange Listing Requirements, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAFARGE CEMENT ZIMBABWE LIMITED

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS
In our opinion, the financial statements of the Company have been prepared in the manner required by the Companies Act (Chapter 24:03) and the Companies (Financial Statements) Regulations, 1996.

The engagement partner on the audit resulting in this independent auditor's report is Stelios Michael.

Deloitte & Touche

Deloitte & Touche Chartered Accountants (Zimbabwe)
Harare
Zimbabwe

Per S. Michael
(PAAB Practice Certificate 0443)
Date: 30 March 2018

BUILDING BETTER CITIES

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2017	2016
		$	$
Revenue	**5**	**58,476,212**	**61,004,062**
Cost of sales		(40,567,274)	(49,362,971)
Gross profit		**17,908,938**	**11,641,091**
Other (loss)/gains	6	(1,654,520)	544,836
Quarry rehabilitation	20.1	(211,937)	(182,028)
Distribution expenses		(5,678,795)	(5,368,731)
Administration expenses		(9,656,563)	(7,634,867)
Retrenchment costs		(558,054)	(1,172,256)
Other income	7	712,732	6,639,498
Profit before finance costs and tax	**10**	**861,801**	**4,467,543**
Finance costs	8	(485,263)	(250,391)
Profit before tax		**376,537**	**4,217,152**
Income tax expense	9	(986,126)	(1,089,972)
(Loss) / profit for the year		**(609,589)**	**3,127,180**
Other comprehensive income for the year, net of tax		**-**	**1,843,598**
Total comprehensive income (loss) / income for the year		**(609,589)**	**4,970,778**
Earnings per share			
Number of shares		**80,000,000**	**80,000,000**
Basic / diluted (loss) / earnings per share ($ per share)	**11**	**(0.008)**	**0.039**

STATEMENT OF FINANCIAL POSITION

	Notes	2017	2016
		$	$
ASSETS			
Non-current assets			
Property, plant and equipment	12	42,737,113	43,716,812
Intangible assets	12.3	-	5,940
Non-current portion of other receivables	15	191,945	368,010
Total non-current assets		**42,929,058**	**44,090,762**
Current assets			
Inventories	13	14,772,324	14,998,067
Prepayments and deposits	14	9,120,217	7,558,648
Trade and other receivables	15	5,423,708	7,651,748
Related party receivables	22	742,610	1,541,431
Current tax asset	9.3	2,368,361	1,832,041
Short term investments	16.2	4,225,790	12,852
Cash and bank balances	16.1	2,346,712	3,607,831
		38,999,721	37,202,618
Assets classified as held for sale	12.4	348,000	616,000
Total current assets		**39,347,721**	**37,818,618**
Total assets		**82,276,779**	**81,909,380**
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	17	800,000	800,000
Revaluation reserve	18	12,508,225	12,508, 225
Retained earnings	19	24,638,486	27,270,755
Total equity		**37,946,711**	**40,578,980**
Non-current liabilities			
Deferred tax	9	4,945,698	5,389,961
Provision for quarry rehabilitation	20.1	1,202,228	990,291
Total non-current liabilities		**6,147,926**	**6,380,252**
Current liabilities			
Trade and other payables	21	11,428,226	11,234,848
Related party payables	22	24,688,342	21,014,458
Bank overdraft	23	933,594	650,451
Provisions	20	1,131,981	2,050,391
Total current liabilities		38,182,142	34,950,148
Total equity and liabilities		**82,276,779**	**81,909,380**

K.C. Katsande
Chairman
29 March 2018

A. Tantawi
Chief Executive Officer
29 March 2018

STATEMENT OF CHANGES IN EQUITY

	Issued capital	Revaluation reserve	Share based payment reserve	Retained earnings	Total
	$	$	$	$	$
Balance at 1 January 2016	**800,000**	**10,664,627**	**23,893**	**24,119,682**	**35,608,202**
Profit for the year	-	-	-	3,127,180	3,127,180
Other comprehensive income for the year, net of tax	-	1,843,598	-	-	1,843,598
Total comprehensive income for the year	**-**	**1,843,598**	**-**	**3,127,180**	**4,970,778**
Transfer from share-based payments to retained earnings	-	-	(23,893)	23,893	-
Balance at 31 December 2016	**800,000**	**12,508,225**	**-**	**27,270,755**	**40,578,980**
Loss for the year	-	-	-	(609,589)	(609,589)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(609,589)	(609,589)
Dividends paid	-	-	-	(416,621)	(416,621)
Dividends payable	-	-	-	(1,606,059)	(1,606,059)
Balance at 31 December 2017	**800,000**	**12,508,225**	**-**	**24,638,486**	**37,946,711**

STATEMENT OF CASH FLOWS

	Note	2017	2016
		$	$
Cash flows from operating activities			
(Loss) / profit for the year		**(609,589)**	**3,127,180**
Adjustments for:			
Income tax expense recognised in profit or loss	9	986,126	1,089,972
Finance costs recognised in profit or loss	8	485,263	250,391
Loss / (profit) on disposal of property, plant and equipment	6	131,361	(18,050)
Write-offs of property, plant and equipment	12	-	30,077
Depreciation expense	12	3,608,446	3,057,081
Amortisation of quarry stripping costs	19	874,394	516,922
Amortisation of intangible assets	12.3	5,940	24,561
Quarry rehabilitation	20.1	211,937	182,028
Net foreign exchange losses / (gains)	6	1,523,159	(526,786)
Dividends payable	19	(1,606,059)	-
Net cash from operations before working capital changes		**5,610,979**	**7,733,376**
Movements in working capital:			
Decrease in inventories	13	225,743	4,948,833
Decrease / (increase) in trade and other receivables	15,22	3,202,926	(3,929,481)
Increase in prepayments and deposits	14	(1,561,569)	(4,912,927)
Increase in trade, related party and other payables, net of unrealised exchange gains	21,22,6	2,344,102	12,376,028
Decrease in provisions		(918,410)	(267,703)
Cash generated from operations		**8,903,771**	**15,948,126**
Finance costs paid	8	(485,263)	(250,391)
Income taxes paid	9	(1,966,710)	(4,110,546)
Dividends paid	19	(416,621)	-
Net cash generated by operating activities		**6,035,177**	**11,587,189**
Cash flows from investing activities			
Purchase of property, plant and equipment (replacement)		(3,739,998)	(8,833,834)
Payments to acquire short term investments		(4,212,938)	(12,852)
Additions of intangible assets		-	(66,900)
Proceeds from disposal of property, plant and equipment		373,497	18,050
Net cash used in investing activities		**(7,579,439)**	**(8,828,636)**
Cash flows from financing activities			
Increase in bank overdraft		283,143	650,451
Net cash generated from financing activities		**283,143**	**650,451**
Net (decrease) / increase in cash and cash equivalents		**(1,261,119)**	**3,409,004**
Cash and cash equivalents at the beginning of the year		**3,607,831**	**198,827**
Cash and cash equivalents at the end of the year	**16.1**	**2,346,712**	**3,607,831**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

1. GENERAL INFORMATION

Lafarge Cement Zimbabwe Limited ("the Company") is incorporated in Zimbabwe and is engaged in the manufacture and distribution of cement and allied products. Its parent company is LafargeHolcim, a French company, and its ultimate holding company is LafargeHolcim, a Swiss company which is listed on the Euronext and Swiss stock exchanges. The address of its registered office and principal business is Manresa Works, Arcturus Road, Greendale, Harare, Zimbabwe.

The Company's financial statements are presented in the United States dollar, which is also the functional currency. Amounts have been rounded to the nearest dollar.

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

2.1 Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Company applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) that were mandatorily effective for an accounting period that began on or after 1 January 2017.

<u>Amendments to IAS 7 Disclosure Initiative</u>
The Company has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes.

The Company's liabilities arising from financing activities consist of bank overdrafts (note 23). A reconciliation between the opening and closing balances of these items has not been provided as there were material or complicated non-cash changes to in liabilities from financing activities. Consistent with the transition provisions of the amendments, the Company has not disclosed comparative information for the prior period. Apart from the additional disclosures that would be required, the application of these amendments has had no impact on the Company's financial statements.

<u>Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses</u>
The Company has applied these amendments for the first time in the current year. The amendments clarify how an entity should evaluate whether there will be sufficient future taxable profits against which it can utilise a deductible temporary difference.

The application of these amendments has had no impact on the Company's financial statements as it already assesses the sufficiency of future taxable profits in a way that is consistent with these amendments, and it has no assessed losses that give rise to deferred tax assets.

<u>Annual Improvements to IFRSs 2014-2016 Cycle</u>
The Company has applied the amendments to IFRS 12 included in the Annual Improvements to IFRSs 2014-2016 Cycle for the first time in the current year. The other amendments included in this package are not yet mandatorily effective and the Company has not clearly adopted them.

IFRS 12 states that an entity need not provide summarised financial information for interests in subsidiaries, associates or joint ventures that are classified (or included in a disposal group that is classified) as held for sale. The amendments clarify that this is the only concession from the disclosure requirements of IFRS 12 for such interests.

The application of these amendments has had no effect on the Company as none of the Group's interests in these entities are classified, or included in a disposal group that is classified, as held for sale.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2017

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

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[1]
IFRS 15 Revenue from Contracts with Customers (and the related Clarifications)[1]
IFRS 16 Leases[2]
Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions[1] Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 40 Transfers of Investment Property[1]
Amendments to IFRSs Annual Improvements to IFRS Standards 2014-2016 Cycle[1]
IFRIC 22 Foreign Currency Transactions and Advance Consideration[1]

1. Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
2. Effective for annual periods beginning on or after 1 January 2019, with earlier application permitted.
3. Effective for annual periods beginning on or after a date to be determined.

IFRS 9 Financial Instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- all recognised financial assets that are within the scope of IFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the 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 amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading nor contingent consideration recognised by an acquirer in a business combination) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes 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.
- in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

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

2.2 New and revised IFRSs in issue but not yet effective (continued)

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an ‘economic relationship’. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

The future application of this IFRS is expected to have a material impact on the Company’s financial statements, as it currently complies with IAS 39 Financial Instruments: Measurement requirements. The classification and measurement of financial assets and liabilities by reference to the business model will result in financial assets and liabilities measured at amortised cost. Impairments of financial assets will now be done based on the expected credit losses model. There will be no impact on hedge accounting as the Company does not make use of any hedging instruments.

Classification and measurement
Treasury bills classified as held-to-maturity investments and trade receivables carried at amortised cost are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets will continue to be subsequently measured at amortised cost upon the application of IFRS 9.

All other financial assets and financial liabilities will continue to be measured on the same bases as is currently adopted under IAS 39.

Impairment
Financial assets measured at amortised cost will be subject to the impairment provisions of IFRS 9.

The Company expects to apply the simplified approach to recognise lifetime expected credit losses for its trade receivables as required or permitted by IFRS 9.

In general, the Directors anticipate that the application of the expected credit loss model of IFRS 9 will result in earlier recognition of credit losses for the respective items and will increase the amount of loss allowance recognised for these items.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

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

2.2 New and revised IFRSs in issue but not yet effective (continued)

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In April 2016, the IASB issued clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Company recognises revenue from the sale of cement and allied products.

Apart from providing more extensive disclosures on the Company's revenue transactions, the Directors do not anticipate that the application of IFRS 15 will have a significant impact on the financial position and/or financial performance of the Company.

IFRS 16 Leases

IFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

IFRS 16 distinguishes leases and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases (off balance sheet) and finance leases (on balance sheet) are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees (i.e. all on balance sheet) except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by IFRS 16.

The new requirement to recognise a right-of-use asset and a related lease liability is expected to have a significant impact on the amounts recognised in the Company's financial statements related to contracted and outsourced quarry equipment hire services and the Directors are currently assessing its potential impact. It is not practicable to provide a reasonable estimate of the financial effect until the Directors complete the review.

In contrast, for finance leases where the Company is a lessee, as the Company would already recognise an asset and a related finance lease liability for the lease arrangement, and in cases where the Company would be a lessor (for both operating and finance leases), the Directors of the Company do not anticipate that the application of IFRS 16 will have a significant impact on the amounts recognised in the Company's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

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

2.2 New and revised IFRSs in issue but not yet effective (continued)

Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions
The amendments clarify the following:

1. In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.
2. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.
3. A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows:

i) the original liability is derecognised;
ii) the equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and
iii) any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

The amendments are effective for annual reporting periods beginning on or after 1 January 2018 with earlier application permitted. Specific transition provisions apply. The Directors of the Company do not anticipate that the application of the amendments in the future will have a significant impact on the Company's financial statements as there are no cash-settled share-based payment arrangements or any withholding tax arrangements with tax authorities in relation to share-based payments.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The Directors of the Company anticipate that the application of these amendments will not have a material impact on the Company's financial statements in future periods as such transactions are unlikely to arise.

Amendments to IAS 40 Transfers of Investment Property
The amendments clarify that a transfer to, or from, investment property necessitates an assessment of whether a property meets, or has ceased to meet, the definition of investment property, supported by observable evidence that a change in use has occurred. The amendments further clarify that situations other than the ones listed in IAS 40 may evidence a change in use, and that a change in use is possible for properties under construction (i.e. a change in use is not limited to completed properties).

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

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

2.2 New and revised IFRSs in issue but not yet effective (continued)

The amendments are effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the amendments either retrospectively (if this is possible without the use of hindsight) or prospectively. Specific transition provisions apply.

The Directors of the Company anticipate that the application of these amendments will not have an impact on the Company's financial statements in future periods as it currently does not have any investment properties.

Annual Improvements to IFRSs 2014 – 2016 Cycle
The Annual Improvements include amendments to IFRS 1 and IAS 28 which are not yet mandatorily effective for the Group. The package also includes amendments to IFRS 12 which is mandatorily effective for the Group in the current year – see note 2.1 for details of application.

The amendments to IAS 28 clarify that the option for a venture capital organisation and other similar entities to measure investments in associates and joint ventures at FVTPL is available separately for each associate or joint venture, and that election should be made at initial recognition of the associate or joint venture. In respect of the option for an entity that is not an investment entity (IE) to retain the fair value measurement applied by its associates and joint ventures that are IEs when applying the equity method, the amendments make a similar clarification that this choice is available for each IE associate or IE joint venture. The amendments apply retrospectively with earlier application permitted.

Both the amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018. The Directors of the Company do not anticipate that the application of the amendments in the future will have any impact on the Company's financial statements as it is neither a first-time adopter of IFRS nor a venture capital organisation. Furthermore, the Company does not have any associate or joint venture that is an investment entity.

IFRIC 22 Foreign Currency Transactions and Advance Consideration
IFRIC 22 addresses how to determine the 'date of transaction' for the purpose of determining the exchange rate to use on initial recognition of an asset, expense or income, when consideration for that item has been paid or received in advance in a foreign currency which resulted in the recognition of a non-monetary asset or non-monetary liability (e.g. a non-refundable deposit or deferred revenue).

The Interpretation specifies that the date of transaction is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the Interpretation requires an entity to determine the date of transaction for each payment or receipt of advance consideration.

The Interpretation is effective for annual periods beginning on or after 1 January 2018 with earlier application permitted. Entities can apply the Interpretation either retrospectively or prospectively. Specific transition provisions apply to prospective application.

The Directors of the Company do not anticipate that the application of the amendments in the future will have an impact on the Company's financial statements. This is because the Company already accounts for transactions involving the payment or receipt of advance consideration in a foreign currency in a way that is consistent with the amendments.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS).

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain property, plant and equipment items that are measured at revalued amounts, and financial instruments measured at amortised cost, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The principal accounting policies are set out below.

3.3 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods
Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, revenue from the sale of goods is recognised when goods are delivered and legal title is passed.

Rendering of services
Revenue arising from transport services rendered in the delivery of cement to customers is recognised when the outcome the transaction involving the rendering of the transport service can be estimated reliably, by reference to the stage of completion of the transport service at the end of the reporting period.

Interest income
Interest income from financial assets is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Rental income
Rental income from the use of staff housing is recognised on the basis of the amount of time that employees have enjoyed use of the Company's staff houses.

Insurance refund income
Insurance income relates to compensation by insurance companies for losses suffered by the Company on insured losses. Income is recognised for insurance compensation when the insurer has confirmed the amount to be paid and it is probable that the amount will be received.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Foreign currencies

In preparing the financial statements, transactions in currencies other than the Company’s functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items 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 retranslated 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.

3.5 Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered services entitling them to the contributions.

Retirements benefits are provided for the Company’s employees through an independently administered defined contribution fund and the Zimbabwe government’s National Social Security Authority. With the Company’s independent fund, contributions are charged to profit or loss so as to spread the cost of pension over the employee’s working life within the Company. The amounts payable to the National Social Security Authority are determined by the systematic recognition of legislated contributions. Payments to the two retirement benefit schemes are charged as an expense as they fall due.

3.6 Termination benefits

Termination benefits are recognised at the earlier of when the entity can no longer withdraw the offer for the benefits and when the entity recognises costs for a restructuring that involves the payment of termination benefits. The calculation takes into account the employees’ basic salary at agreed rate over the years of service.

3.7 Share-based payment arrangements

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Company’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

3.8 Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current tax
The tax currently payable is based on taxable income for the year. Taxable income differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Taxation (continued)

Deferred tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable income will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable income nor the accounting profit
The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the period
Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.9 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated in equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

Freehold land and capital work in progress items are not depreciated. Quarry stripping costs relate to the costs incurred in removing overburden from new limestone reserves that are currently being opened up. Quarry stripping costs will be depreciated over the expected lives of the new limestone mine, once extraction activities commence.

Furniture and office equipment are stated at cost less accumulated depreciation and accumulated impairment.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Property, plant and equipment (continued)

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land) less their residual values over their useful lives, using the straight-line method. 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.

Property, plant and equipment items are depreciated over their estimated useful life. The maximum estimated useful lives are as follows:

Buildings	50 years
Plant and machinery	15 years
Motor vehicles	5 years
Earth moving equipment	25 years
Trailers	25 years
Furniture and office equipment	8 years

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

3.10 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3.11 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Impairment of tangible and intangible assets other than goodwill (continued)

Where an impairment subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

A reversal of impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase (see 3.9 above).

3.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.13 Prepayments and deposits

The Company makes advance payments in respect of some key raw materials and other items used during the production process. The prepayments are recognised into profit or loss or other assets on delivery of the goods or services.

3.14 Non current assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through sale rather than through continuing use. Such non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to sale, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

3.15 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.15 Provisions (continued)

3.15.2 Provision for rehabilitation

Mine rehabilitation costs will be incurred by the Company either while operating, or at the end of the operating life of the Company's facilities and mine properties. The nature of these restoration activities includes: dismantling and removing structures; rehabilitating mines; dismantling operating facilities; closing plant and waste sites; and restoring, reclaiming and vegetating affected areas. The obligation generally arises when the asset is installed or the ground/ environment is disturbed at the mining operation's location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining assets to the extent that it was incurred as a result of the development/construction of the mine. Any rehabilitation obligations that arise through the production of inventory are recognised as part of the related inventory item. Additional disturbances which arise due to further development/construction at the 7 mine are recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur. Costs related to restoration of site damage (subsequent to start of commercial production) that is created on an ongoing basis during production are provided for at their net present values and recognised in profit or loss as extraction progresses.

Changes in the estimated timing of rehabilitation or changes to the estimated future costs are dealt with prospectively by recognising an adjustment to the rehabilitation liability and a corresponding liability adjustment to the asset to which it relates, if the initial estimate was originally recognised as part of a an asset measured in accordance with IAS 16.

Any reduction in the rehabilitation liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the statement of profit or loss and other comprehensive income. If the change in estimate results in an increase in the rehabilitation liability and, therefore, an addition to the carrying value of the asset, the Company considers whether this is an indication of impairment of the asset as a whole, and if so, tests for impairment. If, for mature mines, the estimate for the revised mine assets net of rehabilitation provisions exceeds the recoverable value that portion of the increase is charged directly to expense.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the statement of profit or loss and other comprehensive income as part of finance costs. For closed sites, changes to estimated costs are recognised immediately in the statement of profit or loss and other comprehensive income.

The rehabilitation provision is assessed by a consultant after every three years using assumptions such as discount rate, inflation rate and as well as the life span of the mine.

3.16 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The Company did not have any financial assets other than loans and receivables during the year.

Effective interest rate method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets that would be classified as at FVTPL.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets
Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For loans and receivables, objective evidence of impairment includes:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For loans and receivables, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed through profit or loss to the extent that the carrying amount of the instrument at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment loss not been recognised.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.17 Financial assets (continued)

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

Classification as debt or equity

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

3.18 Financial liabilities and equity interests

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

The Company did not have any financial liabilities classified as at FVTPL during the year.

Other financial liabilities

Other financial liabilities (including borrowings) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised 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 (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

4. CRITICAL ACCOUNTING JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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.

4.1 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

<u>Revaluation of property, plant and equipment</u>
The Directors engage independent valuers to revalue the Company's property. Revaluations are performed frequently to ensure that the carrying amount approximate fair value. The valuer uses valuation methodologies based on market value comparatives for land and buildings. Where there are no comparative prices, other valuation techniques such as the cost method are used. Refer to note 12 for the carrying amount of property, plant and equipment.

<u>Useful lives of property, plant and equipment</u>
The Company reviews the useful lives of property, plant and equipment at the end of each reporting period. The Directors are of the opinion that the current estimated useful lives determined at the reporting period end were still reliable and relevant to the Company's property, plant and equipment as at 31 December 2017.

<u>Rehabilitation provision</u>
The Company makes full provision for future costs of rehabilitation quarry sites on a discounted basis.

There have been no significant changes in the underlying assumptions related to the quarry rehabilitation provision balance of USD 1 202 228 as at 31 December 2017. The Directors deem appropriate the environmentalist's three year interval for reassessment, in light of the last formal reassessment done in 2012.

Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time.

Reference is made to note 20 for key assumptions.

<u>Allowance for credit losses</u>
Trade receivables are derived from the sales of cement and related products to customers on credit. In order to manage potential credit losses, the Company performs credit evaluations of customers prior to offering initial credit, and subsequently thereafter based on settlement behaviour. Allowances for credit losses on trade receivables are maintained based upon management's assessment of the expected collectability of outstanding amounts. The allowances for credit losses on trade receivables are assessed periodically, and in making this assessment, the Company takes into consideration any circumstances of which it is aware regarding a customer's inability to meet its financial obligations generally and judgments as to the impact of prevailing economic conditions on customers' ability to settle outstanding amounts.

LAFARGE CEMENT ZIMBABWE LIMITED NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

4. CRITICAL ACCOUNTING JUDGMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (continued)

4.1 Key sources of estimation uncertainty (continued)

Provision for obsolete inventory

The Company's inventories include maintenance spares which are intended to be used within the plant. Provisions for obsolete inventories are mainly recognized for slow-moving, obsolete or unsellable maintenance spares inventory and are reviewed on a regular basis. In determining the provision for obsolete inventory, the Company evaluates criteria such as inventory in excess of forecasted needs on both technological and economic criteria. Appropriate provisions are then made to reflect the risk of obsolescence.

Impairment of cash generating unit

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on a recent valuation performed by an independent specialist. The fair value was determined using the depreciated replacement cost. This is the value of acquiring and installing a new or a modern substitute asset having the same productive capacity as that existing, depreciated according to age, obsolescence, use and condition. This value is only applied to assets that are part of an operating concern and assumes adequate profitability. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows.

Existence of inventory in stock piles

Stockpiles are measured by aerial surveying. High resolution and multi-spectral images are collected by drones and software is used to convert the image data into tonnage information for each stockpile. Stockpile tonnages are verified by periodic surveys.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

		2017	2016
		$	$
5.	**REVENUE**		
	The following is an analysis of the Company's revenue for the year from its products and services:		
	Revenue from the sale of goods	58,205,367	60,938,160
	Third party sales	58,205,367	60,938,160
	- Cement sales	58,921,140	61,856,909
	- Discounts and rebates	(2,681,739)	(2,246,895)
	- Other	1,965,966	1,328,146
	Revenue from the rendering of services - transport of cement	270,845	65,902
		58,476,212	**61,004,062**
6.	**OTHER (LOSSES) / GAINS**		
	Other (losses) / gains comprise the following amounts:		
	(Loss) / gain on disposal of property, plant and equipment	(131,361)	18,050
	Net foreign exchange (loss) / gains	(1,523,159)	526,786
		(1,654,520)	**544,836**
7.	**OTHER INCOME**		
	Other income comprises the following amounts:		
	Rental income	147,300	146,447
	Insurance proceeds	127,709	6,408,230
	Interest on staff loans	13,782	4,982
	Interest earned on financial investments	133,760	-
	Interest on trade receivables	119,242	-
	Sundry	170,939	79,839
		712,732	**6,639,498**

Insurance proceeds are in respect of amounts received as compensation for an electro static precipitator that was damaged in the 2016 financial year.

		2017	2016
8.	**FINANCE COSTS**		
	Finance costs incurred during the year comprise the following amounts:		
	Interest charges on bank overdrafts	188,621	125,403
	Bank charges	296,642	124,988
		485,263	**250,391**

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

		2017 $	2016 $
9.	**INCOME TAX EXPENSE**		
9.1	**Income tax recognised in profit or loss**		
	Current tax expense	1,430,390	1,633,301
	Deferred tax credit	(444,264)	(543,329)
	Income tax expense	986,126	1,089,972
	The tax expense for the year can be reconciled to the accounting profit as follows:		
	Profit before tax	376,537	4,217,152
	Income tax expense calculated at 25.75%	96,958	1,085,917
	Tax effect of non-deductible expenses	889,168	4,055
	Income tax (credit) / expense	986,126	1,089,972
9.2	**Deferred tax**		
	Deferred tax liability at the beginning of the year	5,389,961	5,332,034
	Deferred tax credit attributable to the reversal of temporary differences	(444,263)	(543,329)
	Deferred tax charged to other comprehensive income	-	601,256
	Deferred tax at the end of the year	4,945,698	5,389,961
	Deferred tax comprises temporary differences from the following:		
	Property, plant & equipment	5,183,432	4,368,741
	Consumable stores	1,822,665	1,389,102
	Prepayments & deposits	419,365	691,926
	Unrealised exchange gains/losses	395,119	135,628
	Tax effect on revaluation surplus	-	601,256
	Provision for technical fees	-	(273,750)
	Intangible assets	(4,447)	(7,365)
	Bonus provision	(77,412)	(102,348)
	Provision for leave pay	(214,073)	(151,876)
	Provision for rehabilitation	(309,574)	(255,000)
	Provision for bad debts	(602,793)	(706,703)
	Provision for obsolete stock	(691,811)	-
	Customer prepayments	(974,774)	(299,650)
	Deferred tax at the end of the year	**4,945,698**	**5,389,961**
9.3	**Current tax asset**		
	Opening balance	1,832,041	(645,204)
	Corporate tax payments	1,966,710	4,110,546
	Tax Expense	(1,430,390)	(1,633,301)
		2,368,361	**1,832,041**

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

		2017 $	2016 $
10.	**PROFIT BEFORE FINANCE COSTS AND TAX**		
	Profit before interest and tax has been arrived at after charging:		
	Auditor's remuneration:	**45,000**	**46,685**
	- Interim audit fees	2,715	1,685
	- Final audit fees	42,285	45,000
	Amortisation of intangible assets	5,940	24,561
	Amortisation of quarry stripping costs	874,394	516,922
	Depreciation of property, plant and equipment:	**3,608,446**	**3,057,081**
	- Cost of sales	3,464,108	2,934,798
	- Administration	144,338	122,283
	Directors' fees	53,752	60,370
	Technical fees (note 22)	1,893,182	1,639,642
	Employee benefits expense:	11,825,147	11,509,821
	- Post employment benefits (note 24)	858,293	849,257
	- Short term employment benefits	10,408,799	9,488,308
	- Termination benefits	558,054	1,172,256
11.	**(LOSS) / EARNINGS PER SHARE**		
	Basic (loss) / earnings per share	**(0.008)**	**0.039**

11.1 Basic (loss) / earnings per share

The (loss) / earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2017	2016
(Loss) / earnings used in the calculation of basic earnings per share	**(609,589)**	**3,127,180**

	2017 Shares	2016 Shares
Weighted average number of ordinary shares for the purposes of basic earnings per share	**80,000,000**	**80,000,000**

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

12. PROPERTY, PLANT AND EQUIPMENT

	Freehold land & buildings $	Plant & machinery $	Motor vehicles & earthmoving equipment $	Furniture & office equipment $	Capital work in progress $	Quarry stripping costs $	Total $
COST / REVALUATION							
Balance at 1 January 2016	**13,367,133**	**15,901,038**	**2,815,220**	**646,969**	**3,884,893**	**16,273,627**	**52,888,880**
Additions	-	7,795,990	-	-	1,037,844	-	8,833,834
Capital work in progress transfers	-	1,622,209	-	-	(1,622,209)	-	-
Revaluation increase	2,444,854	-	-	-	-	-	2,444,854
Depreciation on revalued assets	(2,446,689)	-	-	-	-	-	(2,446,689)
Assets held for sale (Note 12.4)	(616,000)	-	-	-	-	-	(616,000)
Disposals	-	-	(66,000)	(625)	-	-	(66,625)
Assets derecognised	-	(416,000)	-	-	(30,077)	-	(446,077)
Balance at 31 December 2016	**12,749,298**	**24,903,237**	**2,749,220**	**646,344**	**3,270,451**	**16,273,627**	**60,592,177**
Additions	-	1,629,435	34,783	2,530	2,073,250	-	3,739,998
Capital work in progress transfers	-	1,330,127	-	2,880	(1,333,007)	-	-
Disposals	-	-	(303,360)	-	-	-	(303,360)
Balance at 31 December 2017	**12,749,298**	**27,862,800**	**2,480,643**	**651,754**	**4,010,694**	**16,273,627**	**64,028,815**
ACCUMULATED DEPRECIATION AND IMPAIRMENT							
Balance at 1 January 2016	**1,842,634**	**7,594,818**	**928,384**	**558,871**	-	**5,305,969**	**16,230,676**
Depreciation expense	604,055	2,145,704	241,215	66,107	-	516,922	3,574,003
Depreciation of assets derecognised	-	(416,000)	-	-	-	-	(416,000)
Eliminated on disposals	-	-	(66,000)	(625)	-	-	(2,513,314)
Depreciation on revalued assets	(2,446,689)	-	-	-	-	-	(2,446,689)
Balance at 31 December 2016	-	**9,324,522**	**1,103,599**	**624,353**	-	**5,822,891**	**16,875,365**
Depreciation expense	538,500	2,837,504	209,720	22,722	-	874,394	4,482,839
Depreciation on assets disposals	-	-	(66,503)	-	-	-	(66,503)
Eliminated on revaluation	-	-	-	-	-	-	-
Balance at 31 December 2017	**538,500**	**12,162,026**	**1,246,816**	**647,075**	-	**6,697,285**	**21,291,702**
CARRYING AMOUNT							
At 31 December 2016	**12,749,298**	**15,578,715**	**1,645,621**	**21,991**	**3,270,451**	**10,450,736**	**43,716,812**
At 31 December 2017	**12,210,798**	**15,700,774**	**1,233,827**	**4,679**	**4,010,694**	**9,576,342**	**42,737,113**

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

12.1 Revaluation

There was no revaluation of property plant & equipment in the current year. The last revaluation was carried out in 2016.

12.2 Encumbrances on property, plant and equipment

The Company has provided security for its overdraft and loan facilities by way of a deed of hypothecation for $ 3 million in favour of its bankers over Lots 1, 3a and 5 of Manresa, which had a value of $2.425 million at 31 December 2017.

12.3 Intangible asset

The intangible assets recognised in the statement of financial position relate to computer software licenses that are amortised over 3 years.

COST	**Mineral Rights**	**Computer Software**	**Total**
Balance at 1 January 2016	7	103,364	103,371
Additions	-	-	-
Balance at 31 December 2016	7	103,364	103,371
Additions	-	-	-
Balance at 31 December 2017	**7**	**103,364**	**103,371**
AMORTISATION			
Balance at 1 January 2016	7	72,863	72,870
Amortisation expense	-	24,561	24,561
Balance at 31 December 2016	7	97,424	97,431
Amortisation expense	-	5,940	5,940
Balance at 31 December 2017	**7**	**103,364**	**103,371**
Carrying Amount as at 31 December 2016	-	**5,940**	**5,940**
Carrying Amount as at 31 December 2017	-	-	-

12.4 Non current Assets held for sale

This relates to residential stands which were previously held for capital appreciation. A decision to dispose of them was made in 2016 and management disposed of four of these stands during the year.There was no gain/loss resulting from the initial classification.

Held for sale 2016	616,000
Residential Stands X 3 (Helensvale)	348,000

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

		2017	2016
		$	$
13.	**INVENTORIES**		
	Raw materials	4,921,182	4,899,395
	Work in progress	3,655,105	2,400,369
	Finished goods	1,396,292	2,066,624
	Maintenance spares	7,486,387	8,100,728
		17,458,967	17,467,116
	Provision for obsolete inventory	(2,686,643)	(2,469,049)
		14,772,324	**14,998,067**

The cost of inventories recognised as an expense during the year was $ 17,224,648 (2016: $16,481,728).

13.1	**OBSOLETE STOCK PROVISION**		
	Opening balance	2,469,049	2,111,502
	Additional provisions recognised	217,594	357,547
	Closing balance	**2,686,643**	**2,469,049**

14.	**PREPAYMENTS AND DEPOSITS**		
	Prepayments and deposits comprise the following amounts:		
	Prepayments and deposits	8,840,619	7,391,672
	Other prepayments	279,598	166,976
		9,120,217	**7,558,648**

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

		2017 $	2016 $
15.	**TRADE AND OTHER RECEIVABLES**		
	Trade receivables:		
	- Third party	5,477,621	5,980,606
	-Debtors with credit balances	-	762,064
	Allowance for credit losses	(2,340,944)	(2,744,476)
	Net trade receivables	**3,136,676**	**3,998,194**
	Other receivables - current portions	2,287,032	3,653,554
	-Staff loans and advances	282,632	170,812
	· Related Party (Directors and Executive Committee members)	39 334	35,272
	· Other employees	243,299	135,540
	- Other receivables		
	· Third party	2,004,399	3,482,742
		5,423,708	**7,651,748**
	Other receivables – non-current portions		
	- Staff loans and advances	191,945	113,610
	· Related Party (Directors and Executive Committee members)	191,945	41,054
	· Other employees	-	72,556
	- Other debtors	-	254,400
		191,945	**368,010**

Other Third party receivables relates to sundry debtors ,prepaid customs and VAT on cement imports.

15.1 Trade receivables

Trade receivables are classified as loans and receivables and are therefore measured at amortised cost.

Credit terms offered by the entity are for between 14 and 30 days. Credit terms for staff loans range from 1 to 5 years at 6% p.a interest.

The company previously charged interest on overdue customer accounts but this was discontinued.The interest would be realised as the customer paid up their account.

Allowances for credit losses are recognised against trade receivables over 90 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty’s current financial position

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

15. TRADE AND OTHER RECEIVABLES (continued)

15.1 Trade receivables (continued)

Before accepting any new credit customer, the Company performs a credit vetting process. The customer is required to have reputable business references and its directors must be in good credit standing. Credit is only offered to customers who comply with the conditions required by the Company.

Trade receivables disclosed include amounts (see below for aged analysis) that are past due at the end of the reporting period but against which the Company has not recognised an allowance for credit losses because they are attributable to a related party or there has not been a significant change in the credit quality and the amounts are still considered recoverable. In some instances, the Company does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by it to the counterparty.

Ageing of past due but not impaired trade receivables

	2017	**2016**
	$	**$**
30 - 60 days	14,616	421,782
60 – 90+ days	582,054	305,214
	596,669	726,996

	2017	**2016**
	Days	**Days**
Debtor days	38	38

Movement in provision for doubtful receivables

	2017	**2016**
	$	**$**
Balance at the beginning of the year	2,744,476	2,083,092
Impairment recognised on receivables	(403,542)	661,384
Balance at the end of the year	**2,340,944**	**2,744,476**

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. 51% of the Company's credit risk stems from its sixteen largest customers. The concentration of credit risk does not exceed 2% for each of the remaining individual trade debtors, due to the customer base being large and unrelated.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

16. CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period, as shown in the statement of cash flows, can be reconciled to the related items in the statement of financial position as follows:

Bank balances	2,173,198	3,395,511
Cash balances	173,513	212,320
	2,346,712	**3,607,831**

16.1 Short Term Investments

Money Market Investments	4,212,938	-
RBZ Treasury bills	12,852	12,852
	4,225,790	**12,852**

These investments earn an average interest rate of 1.5% to 5% per annum.

16.2 Bank Overdraft

Stanbic Bank Limited	**933,594**	**650,451**

The overdraft is charged at an annual interest rate of 7.5%

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

17. SHARE CAPITAL

17.1 Authorised share capital

Authorised share capital comprises 100 000 000 ordinary shares of $0.01 par value each. (2016: 100 000 000 ordinary shares of $0.01 par value each)

17.2 Issued capital

Issued capital comprises:	2017	2016
	$	$
80 000 000 fully paid shares of USD 0.01 each	800,000	800,000

17.2.1 Fully paid ordinary shares

	Number of shares	Share capital
	Units	$
Balance at 1 January 2017	**80,000,000**	**800,000**
Balance at 31 December 2017	**80,000,000**	**800,000**

Fully paid ordinary shares, which have a par value of $0.01 each, carry one vote per share and carry a right to participate in any dividend declared.

17.3 Unissued share capital

Unissued shares may, by a resolution passed at an extraordinary general meeting and subject to the restrictions set out in the Companies Act (Chapter 24:03), be issued by the Directors on such terms and conditions, and with such rights and privileges attached thereto, as the Directors may determine.

18. RESERVES

	2017	2016
	$	$
Revaluation reserve	12,508,225	12,508,225
	12,508,225	**12,508,225**

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

18.1 Revaluation reserve

	2017 $	2016 $
Balance at the beginning of the year	12,508,225	10,664,627
Increase arising on revaluation of land and buildings		1,843,598
Balance at the end of the year	**12,508,225**	**12,508,225**

The property revaluation reserve arises on the revaluation of property, plant and equipment. When revalued property, plant and equipment are sold, the portion of the property revaluation reserve that relates to that asset, and that is effectively realised, is transferred directly to retained earnings.

18.2 Share-based payment reserve

Balance at beginning of the year	-	23,893
Transfer to retained earnings	-	(23,893)
Balance at end of the year	-	-

The share based payment reserve related wholly to the discount element of shares in the parent, Lafarge-Holcim, that were taken up by employees of the Company under the former Lafarge group's employee share ownership scheme that was effective in 2012. The reserve was amortised to retained earnings over a period of five years, which is the closed-trade period for employees who were awarded the shares, commencing from the date of their award.

19. RETAINED EARNINGS

	2017 $	2016 $
Balance at beginning of the year	27,270,755	24,119,682
Profit for the year	(609,589)	3,127,180
Transfer from share-based payment reserve	-	23,893
Dividends Payable	(1,606,059)	
Dividends Paid	(416,621)	
Balance at end of the year	**24,638,486**	**27,270,755**

In respect of the current year, the Directors have recommended that no dividend be declared in order to preserve cash for continued business development and upkeep of plant and equipment (2016: $2,022,680 dividend declared).

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

20. PROVISIONS AND OTHER ACCRUALS

	2017	2016
	$	$
Employee benefits (i)	1,131,981	987,280
Other provisions and accruals (note 20.1)	1,202,228	2,053,402
	2,334,210	**3,040,682**
Current portion	1,131,981	2,050,391
Non-current portion	1,202,228	990,291
	2,334,210	**3,040,682**

20.1 Other provisions and accruals

	Quarry rehabilitation (ii)	Technical fees (iii)	Total
	$	$	$
Balance at 1 January 2016	**808,263**	**1,142,614**	**1,950,877**
Additional Provisions recognised	182,028	1,639,642	1,821,670
Reductions from payments	-	-	-
Reductions arising from transfers to intercompany payables	-	(1,719,145)	(1,719,145)
Balance at 31 December 2016	**990,291**	**1,063,111**	**2,053,402**
Additional provisions recognised	211,937	(237,137)	(25,199)
Reductions from write offs	-	(825,974)	(825,974)
Balance at 31 December 2017	**1,202,228**	**-**	**1,202,228**

The following key assumptions were used:

(i) The provision for employee benefits represents annual leave and bonus payments due to employees, and Directors fees.

(ii) There have been no significant changes in the underlying assumptions related to the quarry rehabilitation provision balance of $1,202,228 that occured during the year.The interval for reassessment is three years and the last environmentalist's assessment was in 2016.The rehabilitation provision is calculated by adjusting the total cost with inflation rate and the amount is discounted using the applicable discount rate.The key assumptions were:

- Discount rate of 16%.
- Inflation rate of 1.2% in 2017, 1.6% in 2018 and 2% in 2019 as per Mid Term Plan assumptions.
- Inflation rate after 2019 maintained at 2%.
- Western mine remaining life span of 3 years.
- Eastern mine remaining life span of 14 years
- Mbubu mine remaining life span of 4 years

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

(iii) The provision for technical fees represents technical fees payable to Lafarge S.A., the ultimate parent of the Company. In the current year , the company began to accrue unpaid Technical fees in the parent's intercompany account and discontinued the technical fees provision

21. TRADE AND OTHER PAYABLES

	2017	2016
	$	$
Trade payables	2,068,187	4,684,812
Other payables	1,428,305	1,159,684
Debtors with credit balances	3,880,788	762,064
Customer prepayments	766,616	401,625
Accrued expenses	3,284,330	4,226,663
Total trade and other payables	**11,428,226**	**11,234,848**

Trade and other payables comprise amounts outstanding to third parties for inventories, and other services for day-to-day operations, that were obtained on credit.The terms of the payment are 30 days from date of invoices.

Accrued expenses relates to services provided to the company that had not been booked in the system as at year end.

22. RELATED PARTY TRANSACTIONS AND BALANCES

22.1 Trading transactions and balances

During the year the year , the company entered into the following related party transactions:

	2017	2016
	$	$
Cement purchases from Lafarge Cement Zambia Limited (fellow subsidiary)	1,616,767	7,387,948

The following trade related balances were outstanding as at the end of the reporting period:

	2017	2016
Amounts due from related parties		
Lafarge Cement Malawi Limited (fellow subsidiary)	25,523	158,027
Lafarge Industries (Pty) Ltd South Africa (fellow subsidiary)	83,785	1,337,129
Lafarge MEA IT (fellow subsidiary)	315,434	146,931
Holcim Technology (fellow subsidiary)	128,811	-
LafargeHolcim East Africa (fellow subsidiary)	189,023	-
Doubtful intercompany receivables	-	(100,657)
	742,610	**1,541,431**

	2017	2016
Amounts owed to related parties		
Lafarge Industries (Pty) Ltd (South Africa) (fellow subsidiary)	22,512	
Lafarge Cement Zambia Limited (fellow subsidiary)	6,289,496	8,174,286
	6,289,496	**8,174,286**

- Sale of goods to related parties were made at the Company's usual list prices. Purchases were made at market prices.

- Amounts due from the related parties above are for expatriate costs.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

RELATED PARTY TRANSACTIONS AND BALANCES (continued)

22.2 Non-trading transactions and balances

The Company is charged technical fees by the ultimate parent, Lafarge SA, of which amounts for the year inclusive of the related withholding tax were as follows:

	2017	2016
	$	$
Technical fees (see note 20.1)	**1,893,182**	**1,639,642**

As at year end the following non-trade related amounts were (due from) / payable to fellow group subsidiaries:

	2017	2016
	$	$
Lafarge Technical Centre Europe (fellow subsidiary)	95,364	215,665
Lafarge Middle East and Africa Building Materials S.A.E. (Egypt) (fellow subsidiary)	177,591	144,429
Lafarge Cement Zambia (fellow subsidiary))	125,362	125,362
Lafarge Cement Cameroon (fellow subsidiary)	50,596	44,442
Lafarge SA (France) (parent company)	14,997,535	11,614,341
Lafarge ITEO Shared Services (fellow subsidiary)	562,069	193,496
Lafarge International Services Singapore (fellow subsidiary)	413,032	105,725
Lafarge Poland (fellow subsidiary)	42,674	80,503
Lafarge France Other (parent company)	95,292	83,700
Lafarge Egypt (fellow subsidiary)	4,557	4,068
Blue Circle Industries (United Kingdom) (fellow subsidiary)	250,776	228,441
Lafarge Industries SA (South Africa) (fellow subsidiary)	22,512	-
Holcim Group Services (fellow subsidiary)	74,795	-
Lafarge Beijing (fellow subsidiary)	26,898	-
Lafarge Spain (Aridos SAU) (fellow subsidiary)	3,306	-
Lafarge France Parent Dividend payable	1,456,487	-
	18,398,846	**12,840,172**

Total amount of related party payable balances from trading and non-trading transactions for the year as follows:	**24,688,342**	**21,014,458**

Outstanding balances at the year end are unsecured and interest free, there are no guarantees provided or received for any related party receivables or payables.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

22.3 Loans to related parties

	2017	2016
	$	$
Loans to key management personnel	**231,279**	**76,325**

The Company has provided several of its key management personnel with short-term loans and salary advances. The short term loans attract interest at a rate of 6% per annum.The loans to key management are secured against the assets acquired with the loaned funds.

22.4 Compensation of directors and other key management personnel

The remuneration of Directors and other key management personnel during the year was as follows;

	2017	2016
	$	$
Short term benefits	2,599,122	2,094,495
Directors' fees	53,752	60,370
Post employment benefits	294,387	316,222
Termination benefits	558,054	1,172,256

23. BORROWINGS

23.1 Secured – at amortised cost

The Company had no borrowings except a short term overdraft which is used to cover short term working capital requirements.

23.2 Borrowing powers

In terms of the Company's Articles of Association, the Directors may exercise the powers of the Company to borrow as they deem necessary, subject to approval from the Lafarge Group parent Company.

24. RETIREMENT BENEFIT PLANS - DEFINED CONTRIBUTION PLANS

The Company makes contributions to two defined contribution plans; the Company's private pension scheme, and the national pension scheme.

The contributions are made through direct deductions by the Company and remitted to the funds. The amounts remitted have been disclosed in note 10. Private pension scheme contributions were $858 293 whilst NSSA contributions were $169 217.

24.1 Private pension scheme

The Company operates a defined contribution scheme for all qualifying employees. The assets of the scheme are held separately from the Company in funds under the control of fund's trustees. The only obligation of the Company with respect to the defined contribution scheme is to make the specified contributions.

24.2 National Pension Scheme - National Social Security Authority

The employees of the Company are members of the State-managed retirement benefit plan promulgated under the National Social Security Act of 1989. The Company's obligation under the scheme is limited to specific contributions legislated from time to time, which was currently 3.5% of basic salary up to a maximum of $24.50 per employee per month.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

25. FINANCIAL INSTRUMENTS

25.1 Categories of financial instruments

The financial instruments below are carried at ammortised cost:

	2017 $	2016 $
Financial assets		
Cash and bank balances	2,346,712	3,607,831
Trade and Other receivables	5,615,653	8,019,757
Related party receivables	742,610	1,541,430
Short term investments	4,225,790	12,852
Financial liabilities		
Amortised cost:		
- trade and other payables	11,428,226	7,008,184
- related party payables	24,688,341	21,014,458
- Bank overdraft	933,594	650,451
Accruals		
- general	3,284,330	4,226,663

25.2 Financial risk management objectives

The Company's executive committee meets on a regular basis to analyse, amongst other matters, currency and interest rate exposures and to re-evaluate treasury management strategies against revised economic forecasts. Compliance with the Company's policies and exposure limits is reviewed at quarterly Board meetings.

25.3 Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies. Consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Entity	Currency	Balance	Rate (USD per Currency)	2017 USD	2016 USD
Blue Circle Industries (United Kingdom, liability)	GBP	185,815	1.350	250,850	228,441
Lafarge Industries SA (South Africa, debtor)	ZAR	1,032,920	0.081	83,667	-
Lafarge SA (France, liability)	EURO	12,530,315	1.197	10,548,891	11,614,341
Lafarge France Other (France, liability)	EURO	79,616	1.197	95,300	83,700
Interco Technical Centre Europe (France, liability)	EURO	79,676	1.197	95,372	215,665
Lafarge Cameroon (Cameroon, liability)	EURO	42,273	1.197	50,601	44,442
Lafarge ITEO Services (Spain,liability)	EURO	469,604	1.197	562,116	193,496
Lafarge Industries SA (South Africa,liability)	ZAR	277,526	0.081	22,480	-
Lafarge Poland (Poland, liability)	Euro	35,654	1.197	42,678	80,503
LafargeHolcim Group (Switzerland, liability)	CHI	73,035	1.024	74,788	-
Lafarge Cementos (Hormogones, liability)	EURO	2,762	1.197	3.306	-

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

25. FINANCIAL INSTRUMENTS (continued)

25.3.1 Foreign currency sensitivity analysis

The Company is mainly exposed to the British Pound Sterling, South African Rand, Swiss francs and Euro.

The following table details the Company's sensitivity to a 10% increase and decrease in the USD against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit and other equity where the USD strengthens 10% against the relevant currency. For a 10% weakening of the USD against the relevant currency, there would be a comparable impact on the profit and other equity, and the balances below would be negative.

	Currency GBP	Currency ZAR	Currency Euro
Effect on profit or loss (2017) (USD)	**25,085**	**8,367**	**1,586,068**
Effect on profit or loss (2016) (USD)	**22,844**	**133,713**	**1,223,215**

25.4 Interest rate risk management

The Company is not exposed to interest rate risk because it has no offshore borrowings. All local borrowings are at fixed rates.

25.5 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. Credit exposure is controlled by counterparty limits that are reviewed and approved by management annually.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Company does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics. The Company defines counterparties as having similar characteristics if they are related entities.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

25. FINANCIAL INSTRUMENTS (continued)

25.6 Liquidity risk management

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 Company's short, medium and long-term funding and liquidity management requirements. The Company manages 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.

Borrowing facilities in the form of bank overdrafts and acceptance credits are negotiated with approved and registered financial institutions at acceptable interest rates. Expended overdraft facilities are repayable on demand. Approved financial institutions with sound capital bases are utilised to both borrow funds and invest surplus funds.

The table below summarises the maturity profile of the financial liabilities based on contractual undiscounted payments:

Year Ending 31 December 2017

	0-12 months	1-5 years	>5years	Total
Bank overdraft	933,594	-	-	933.594
Trade and other payables	11,428,226	-	-	11,428,226
Related party payables	24,688,342	-	-	24,688,342
Total	**37,050,162**	-	-	**37,050,162**

	2017 $	2016 $
26. COMMITMENTS FOR CAPITAL EXPENDITURE		
Commitments for the acquisition of property, plant and equipment	3,313,000	2,683,075

The commitments relate to proposed capital expenditure approved by the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 December 2017

27. CAPITAL MANAGEMENT

27.1 Capital management

The Company manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from previous years.

The capital structure of the Company consists of debt, as detailed in note 23, and equity of the Company comprising issued capital, reserves and retained earnings as detailed in notes 17 to 19.

The Company is not subject to any externally imposed capital requirements.

27.1.1 Gearing ratio

	2017 $	2016 $
The gearing ratio at the end of the reporting period was as follows:		
Debt (i)	-	-
Equity (ii)	37,946,711	40,578,980
Net debt to equity ratio	0%	0%

(i) Debt is defined as long term and short term borrowings, as set out in note 23.
(ii) Equity includes all capital and reserves of the Company that are managed as capital.
(iii) Target debt to equity ratio is 0%.
(iv) The company does not consider overdraft to be debt as it uses it intermittently to cover short term working capital requirements

28. CONTINGENT LIABILITIES AND ASSETS

The Company has a tax assessment of $7.9 million relating to 2009 to 2013 tax years and at the date of approval of the financial statements it has not yet been decided by the courts.

29. EVENTS AFTER THE REPORTING PERIOD

At the date of approval of the financial statements, there were no material adjusting or non-adjusting events subsequent to period end.

30. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the board of directors and authorised for issue on 29 March 2018.

SHAREHOLDER ANALYSIS

	2017			2016		
	No. of Share-holders	Shareholding (Shares)	Shareholding %	No. of Share-holders	Shareholding (Shares)	Shareholding %
Classification						
Banks and nominees	28	4,002,482	5.00	32	2,976,928	3.72
Deceased estates	22	36,997	0.05	22	36,997	0.05
Employees	-	-	-	0	-	-
Corporates	105	4,184,504	5.23	104	4,189,806	5.24
Insurance companies	9	2,037,662	2.55	3	1,156,850	1.45
Investments, trusts and property	14	2,368,609	2.96	13	2,368,392	2.96
Non-resident individuals	69	214,869	0.27	78	2,482,504	3.10
External corporate holders	1	61,158,400	76.45	1	61,158,400	76.45
Pension funds	17	2,063,101	2.58	20	2,357,844	2.95
Resident individuals	437	3,253,053	4.07	435	3,265,062	4.08
Other	7	680,323	0.85	3	7,217	0.01
Total	**709**	**80,000,000**	**100**	**711**	**80,000,000**	**100**
Shareholding Range						
0 - 100	153	7,501	0.01	151	7,408	0.01
101 - 200	67	10,661	0.01	66	10,448	0.01
201 - 500	128	48,119	0.06	129	48,234	0.06
501 - 1,000	112	89,054	0.11	112	89,608	0.11
1,001 - 5,000	151	362,260	0.45	149	356,175	0.45
5,001 - 10,000	33	222,282	0.28	36	243,261	0.30
10,001 - 50,000	38	779,288	0.98	39	820,013	1.02
50,001 - 100,000	6	380,759	0.48	6	380,759	0.48
100,001 - 500,000	10	2,114,352	2.64	11	2,266,029	2.83
500,001 - 1,000,000	3	1,841,995	2.30	3	2,024,772	2.53
1,000,001 - 10,000,000	7	12,985,329	16.23	8	12,594,893	15.74
> 10,000,000	1	61,158,400	76.45	1	61,158,400	76.45
Total	**709**	**80,000,000**	**100**	**711**	**80,000,000**	**100**
Top Ten Major Shareholders						
ASSOCIATED INTERNATIONAL CEMENT LIMITED		61,158,400	76.45		61,158,400	76.45
STANBIC NOMINEES (PRIVATE) LIMITED)		5,044,288	6.31		3,153,763	3.94
THE FARLOW TRUST		2,075,652	2.59		2,075,652	2.59
ROY TURNER		2,030,047	2.54		2,030,047	2.54
THE SASKO TRUST		1,680,488	2.10		1,680,488	2.10
THE LEAF TREE TRUST		1,535,663	1.92		1,535,663	1.92
NATIONAL SOCIAL SECURITY AUTHORITY		1,438,781	1.80		1,438,781	1.80
WORKERS COMPENSATION INSURANCE FUND		1,145,226	1.43		1,145,226	1.43
ADAM, AYOOB		579,931	0.72		579,931	0.72
STANDARD CHARTERED NOMINEES (PVT)LTD - NNR (SCB)		329,199	0.41		329,124	0.41
Total		**77,017,675**	**96.27**		**75,127,075**	**93.90**
Directors Shareholding						
D. L. Cruttenden		1,000			1,000	
M.A. Masunda		1,710			1,710	
K Katsande		5,000			-	

LAFARGE

Lafarge Cement Zimbabwe,
Manresa Works
Arcturus Road
P.O. Box GD160, Greendale, Harare
Tel: +263 867721500/8688005000
Email:zim.sales@lafargeholcim.com
Website: www.lafarge.co.zw