SUPPLYING ZAMBIA
WITH **QUALITY** PRODUCTS
FOR 71 YEARS

Lafarge Zambia PLC

ANNUAL REPORT 2020

A member of
LafargeHolcim

LAFARGE
Building better cities™

CONTENT
ANNUAL REPORT 2020

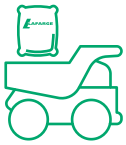
Lusaka, Zambia

LAFARGE ZAMBIA AT A GLANCE

MAJOR MILESTONES

1949	• Chilanga Cement, the company that would one day become Lafarge Zambia, is founded.
1951	• Cement production commences at Chilanga plant. The first major project is the supply of cement to the construction of the Kariba Dam wall.
1969	• A second plant is commissioned in Ndola.
1995	• The Lusaka Stock Exchange is founded and Chilanga Cement becomes the first company to be listed.
2001	• Chilanga Cement is acquired by the Lafarge Group.
2007	• The company's name is changed to Lafarge Cement Zambia, making history with Zambia's largest ever bond issuance of K 200-million.
2008	• To satisfy the growing market demand, a new plant is commissioned at Chilanga.

2010

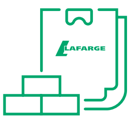


- A new cement brand, Powerplus, is launched to cater to the needs of the heavy-duty construction industry.

2011

- SupaSet, a fast-setting cement aimed at block-makers and concrete product manufacturers, is launched.

2014



- Lafarge Zambia's first concrete laboratory is commissioned.
- Achievement of Lusaka Stock Exchange Free Float Compliance Programme.
- Name change to Lafarge Zambia Plc.

2015

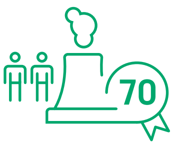
- PowerCrete, a specialised cement product for the mining industry, is launched.
- The Lafarge Foundation is established.
- Following the historic global merger, Lafarge Zambia Plc becomes a member of the LafargeHolcim Group.

2018

geocycle
For a zero-waste future

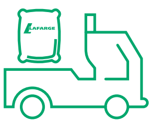
- Lafarge Zambia launches Geocycle, a waste management brand for a zero waste future.

2019



- Lafarge Zambia Plc celebrates 70 years of building dream homes and infrastructure in Zambia.

2020



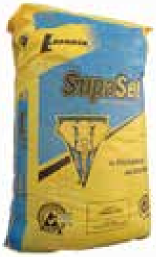
- Lafarge Zambia Plc partners with AfriDelivery for cement purchases.

CSR
AWARD

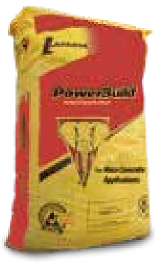
Lafarge Zambia was awarded the
COVID-19 SUPPORT COMMUNITY INITIATIVES AWARD
by the Corporate Social Responsibility Network Zambia (CSRNZ).

QUALITY PRODUCTS **FOR ANY APPLICATION**

"There's Nothing That You Can't Build"



Block Making



Mass Concrete

Special Projects

General Purpose

PUTTING COMMERCIAL TRANSFORMATION INTO ACTION

Supablock – a block you can trust!

We're helping Zambia build stronger and more beautiful homes with Supablock - Zambia's first cement block that is ZABS-approved and consistent in size. It's available throughout Zambia at approved Supablock franchises. We continue to manufacture the country's most trusted cement products. They remain the preferred choice for any application; from a family home or commercial office to a shopping mall or an airport.

Women build in Bauleni

MAJOR INFRASTRUCTURE PROJECTS

- Lusaka Decongestion Project
- King Salman Bin Abdulaziz Specialist Hospital
- Kafue Gorge Power Project
- Kenneth Kaunda International Airport
- Simon Mwansa Kapwepwe International Airport
- Chikankata-Mazabuka Road Project
- 750MW Kafue Gorge Lower
- Lusaka L400 Urban Roads Project Phase 3

2020 IN REVIEW

LETTER FROM THE CHAIRMAN

I hereby present Lafarge Zambia Plc results for the year ended 31 December 2020.

Overview

In a period characterized by unprecedented global challenges with the Covid-19 pandemic disrupting global businesses coupled with a challenging domestic business environment, Lafarge Zambia showcased its business resilience, innovation and commitment to delivering value for all our stakeholders.

The Zambian economy experienced its first recession since 1998 as the GDP growth contracted by an estimated 4.9% in 2020 after growing by 4% in 2018 and 1.9% in 2019. The Kwacha came under extreme pressure due to reduced economic activity in the tourism, mining and manufacturing sectors as well as the negative outlook on the country due to debt sustainability challenges.

Financial Performance

Despite this challenging backdrop, the Company reported a profit before tax of K 342,057 thousand compared with a restate loss of K 56,245 thousand in 2019. The performance was mainly attributed to the early response by the Company to the impacts of the Covid-19 pandemic with a focus on health, cost and cash. Operational costs were negatively impacted by currency devaluation, high inflation rates, gypsum scarcity and supply chain disruptions. These challenges were partly mitigated by increased exports of 29% compared with 2019.

The Company continues to invest in it's operations with a capital expenditure spend of K 48,715 thousand in 2020, slight drop of 15% compared with 2019.

Share Price

The Company's share price on the Lusaka Securities Exchange (LuSE) remained resilient, trading at around K 2 per share most part of 2020. Closing share price of K 2.07 was approximately 23 % higher than the 2019 closing share price, bearing witness to the confidence of our investors.

Sustainability

Lafarge Zambia continues to be a major contributor to the Zambian economy through employment creation and indirect contributions to the Treasury. In 2020 the Company paid an interim dividend of K 1.5 per share and a further K 0.5 per share was declared at the board meeting held on 31 March 2021 for the financial year 2020. No dividends were paid in 2019.

The Company remained committed to good corporate citizenship throughout the Covid-19 crisis, by supporting the communities in which we operate with the necessary knowledge and awareness needed to fight the virus. Donations to both government and local NGOs bolstered efforts to drive out the virus in both the Chilanga and Ndola communities. The Company also partnered with Zambian Breweries Plc to provide medical supplies to the isolation centre in Chilanga as well as support the first ventilator made in Zambia for Zambians. This on-going project is particularly close to the Company as it is giving Zambian engineers from the School of Engineering at the University of Zambia (UNZA) the platform to showcase local talent and skills.

All the Company's efforts to assist the nation did not go unnoticed as the CSR Network awarded Lafarge Zambia with the Covid-19 Support Community Initiatives Award.

Challenges

On 30 March 2021 the Competition and Consumer Protection Commission (CCPC) informed the Company that it had concluded that Lafarge Zambia contravened the Competition and Consumer Protection Act, alleging it has engaged in restrictive business practices. The CCPC imposed a fine of 10% of annual turnover for 2019 and 2020 and ordered that the Company revert to alleged pre-cartel prices of USD 4.50 - USD 5 for one year.

Since the initiation of the Commission's investigation in January 2020, Lafarge Zambia has strenuously denied the Commission's allegations and it remains steadfast in this position. While Lafarge Zambia will continue to cooperate with the Commission, it intends to exercise its rights to appeal the Commission's decision.

In a separate matter, the Company faced a land rights dispute in Chilanga, but we are confident that the matter will be resolved soon.

Outlook

The economy is projected to rebound and grow by 1.0% in 2021 and 2.0% in 2022, fueled by a sharp recovery in the tourism, mining and manufacturing sectors. The receding of Covid-19 cases as vaccines are rolled out coupled with the rapid recovery in the price and demand for Copper will boost economic activity in the medium to long term.

In 2021 and beyond the Company's focus will be on continuing to drive commercial innovations through the Company's lead retail application and partnership with digital outlets such as AfriDelivery and Tigmoo as well as spearhead developmental sustainable and eco-friendly building solutions.

I would like to take this opportunity to thank our shareholders, our Board members for their dedication and wise counsel, and the management team for their leadership and oversight of Lafarge Zambia. I would also like to thank our employees for their commitment to delivering to our customers, and our customers who remain loyal to our brand.

MUNA HANTUBA
CHAIRMAN

2020 IN REVIEW

LETTER FROM THE CHIEF EXECUTIVE OFFICER

Overview

Businesses globally have faced unprecedented challenges in the last year, and those in Zambia have not been spared the impact of Covid-19. As a primary industry and a leading economic indicator of growth, the cement sector has been negatively impacted.

However, despite Covid-19, the Executive Committee (ExCom) along with line managers proved amazingly resilient, and 2020 for Lafarge Zambia has become a gold standard in business turn around during a crisis. Our focus was "HEALTH, COST & CASH" which limited the impact of the pandemic on profitability and allowed us not to reduce our workforce, give bonuses and even provide 1000 random tests to ensure employees health and morale stay strong.

This success would not have been achieved if it wasn't for our talented and hardworking employees, our digital innovation solutions through our lead retail app, our quick-thinking cost-effective action plan and our customers, who remain loyal to us for over 71 years.

In light of this relatively positive progress for our employees and shareholders (locally and overseas), it was thus particularly disappointing to receive notice in March 2021 from Competition and Consumer Protection Commission's allegations of restrictive business practices, despite our on-going dialogue with the commission on the matter. The Company intends to appeal the decision.

Financial Performance

The Company's turnover for the year was K 1,693,146 thousand (2020: K 1,110,153 thousand) resulting in a 53% increase from 2019. The performance was mainly attributed to increased exports of 29% compared with 2019. By focusing on export markets Lafarge Zambia brought in more than 1 billion K of hard currency into Zambia and solidified our position as the best in class and quality in the region.

The operational impacts of Covid-19 and the challenging macroeconomic environment with depreciation of the local currency, high inflation rate and poor quality of electricity supply resulted in a steep increase in the Company's operational costs. Industrial performance was adversely impacted by supply chain disruptions particularly on spares and maintenance. The gypsum scarcity in the country led to an increase in the consumption and cost of gypsum. This was somewhat mitigated by the implementation of our "HEALTH COST & CASH" action plan.

A key component of that strategy was the introduction of digital platforms and the launch of our lead retail application in partnership with AfriDelivery, which enabled customers to order cement online. This helped increase our volumes in the second quarter, despite the pandemic.

I am pleased to report that as a result of the increased revenue from our export sales and stringent cost control, Lafarge Zambia has been brought back to profitability.
The Company's financial structure remained strong, with no external debt, despite the many challenges faced in the operating year.

Health and Safety

At Lafarge Zambia, Health and Safety is our core value and some of the measures that we took during these Covid-19 times, have also attributed to the success of the business.

Before the virus entered the African continent, the Company already put in place a Business Resilience Team (BRT) to ensure business stability. The Company installed temperature checks at entrances to both plants, implemented a work-from-home policy, and placed hand sanitising stations throughout the organisation to minimize risk.

In addition, awareness campaigns were run both internally and externally to ensure our employees and customers were equipped with the right information to fight the virus.

Putting our employees' health first, we launched a rigorous testing and contact-tracing initiative to bolster confidence and safety among our workforce.

On a sad note, the Company experienced three fatalities within 15 days and lost three contractor employees. To make sure that we never lose another life again, the Company revised its Health and Safety operational procedures. We no longer have working from home solutions unless an employee is at high risk of Covid-19 - all teams are back on site with proper social distancing, sanitization and routine testing. We are the keepers of our brothers and sisters – myself and my teams must be on the ground to keep each other safe. From CEO to contractor, there is no differentiation in the quality of Covid-19 preventative care being provided.

With the help of the LafargeHolcim group we quickly galvanized and introduced our ABC (Area Ownership, Boots on the Ground and Consequence and Reward Management) campaign to reinforce health and safety excellence.

Outlook

I am confident about the growth momentum that has followed through into 2021. Our plan is to maintain and sustain the business while retaining our great talent – Lafarge Zambia's success is an amalgamation of simply brilliant people and teams.

In terms of innovation, we plan on forging ahead with our digital platforms (using Zambian providers) and broadening the scope into other provinces across the country, while building a sustainable Zambia through our Geocycle brand.

Our business and services have spanned seven decades and I am proud to say that Lafarge Zambia is forever interwoven in this great country's history. We have built homes as well as built iconic and symbolic buildings across the country, and we plan to continue adding to Zambia's skyline. We have stood the test of time with our customers and we will stand by them as we get through this pandemic together.

I wish to thank our customers, suppliers, employees, shareholders and stakeholders for partnering with us, trusting us and being loyal to us. I would also like to thank the LafargeHolcim Group for its assistance and the Board for its guidance.

JIMMY J KHAN
CHIEF EXECUTIVE OFFICER

MEET THE **LEADERSHIP TEAM**

FROM LEFT TO RIGHT:
Obed Nkandu
Chibuye Mbesuma Ngulube
Ahmed Khalifa
Jimmy J Khan
Chooye Hamusankwa
Thecra Milambo
Nason Kasoma

2020
FINANCIAL HIGHLIGHTS

ANNUAL FINANCIAL SUMMARY

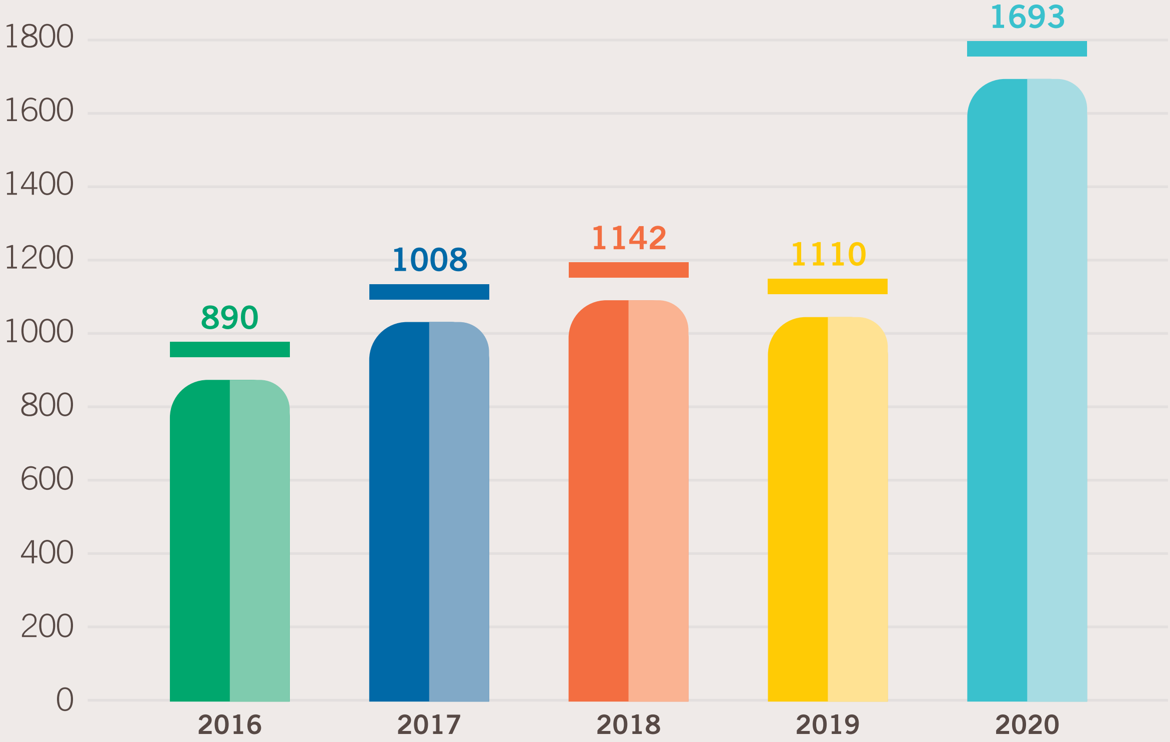
TURNOVER
K 1,693 Million

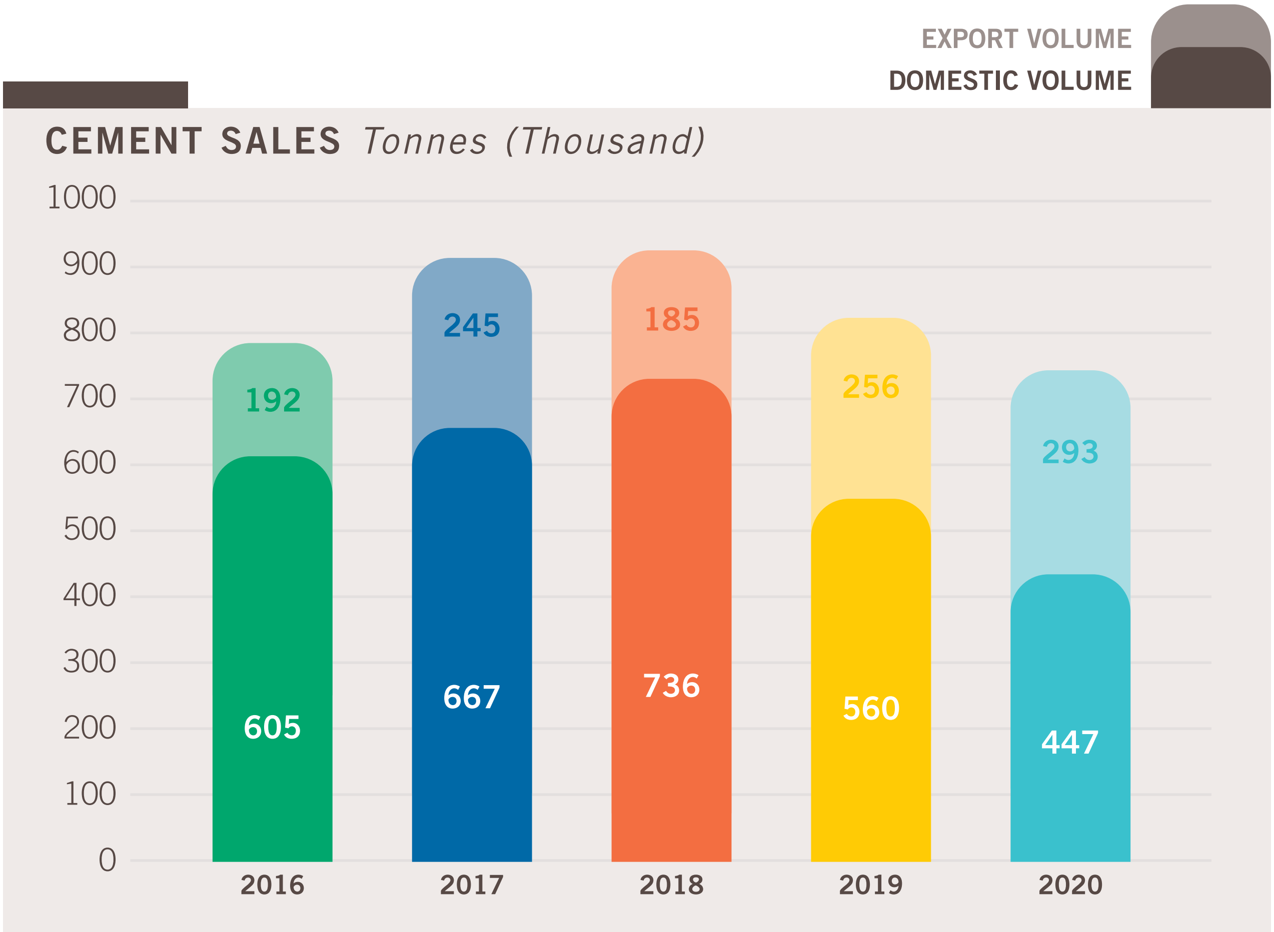
PROFIT BEFORE TAX
K 342 Million

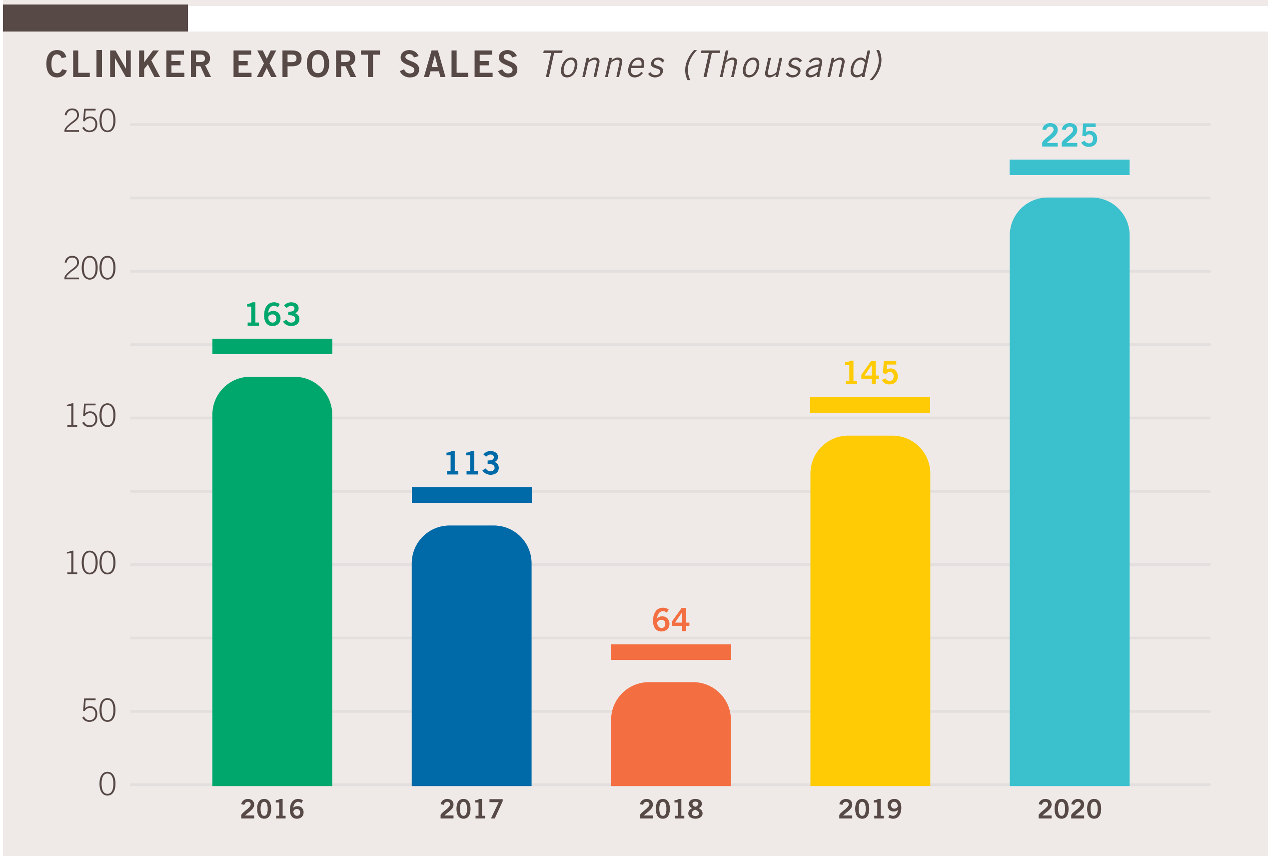
LONG TERM DEBT
0

EARNINGS PER SHARE
1.81

SALES TURNOVER *(K' Million)*




EXPORT VOLUME
DOMESTIC VOLUME
CEMENT SALES Tonnes (Thousand)
1000
900
800
700
600
500
400
300
200
100
0
192
605
245
667
185
736
256
560
293
447
2016
2017
2018
2019
2020


CLINKER EXPORT SALES Tonnes (Thousand)
250
200
150
100
50
0
163
113
64
145
225
2016
2017
2018
2019
2020

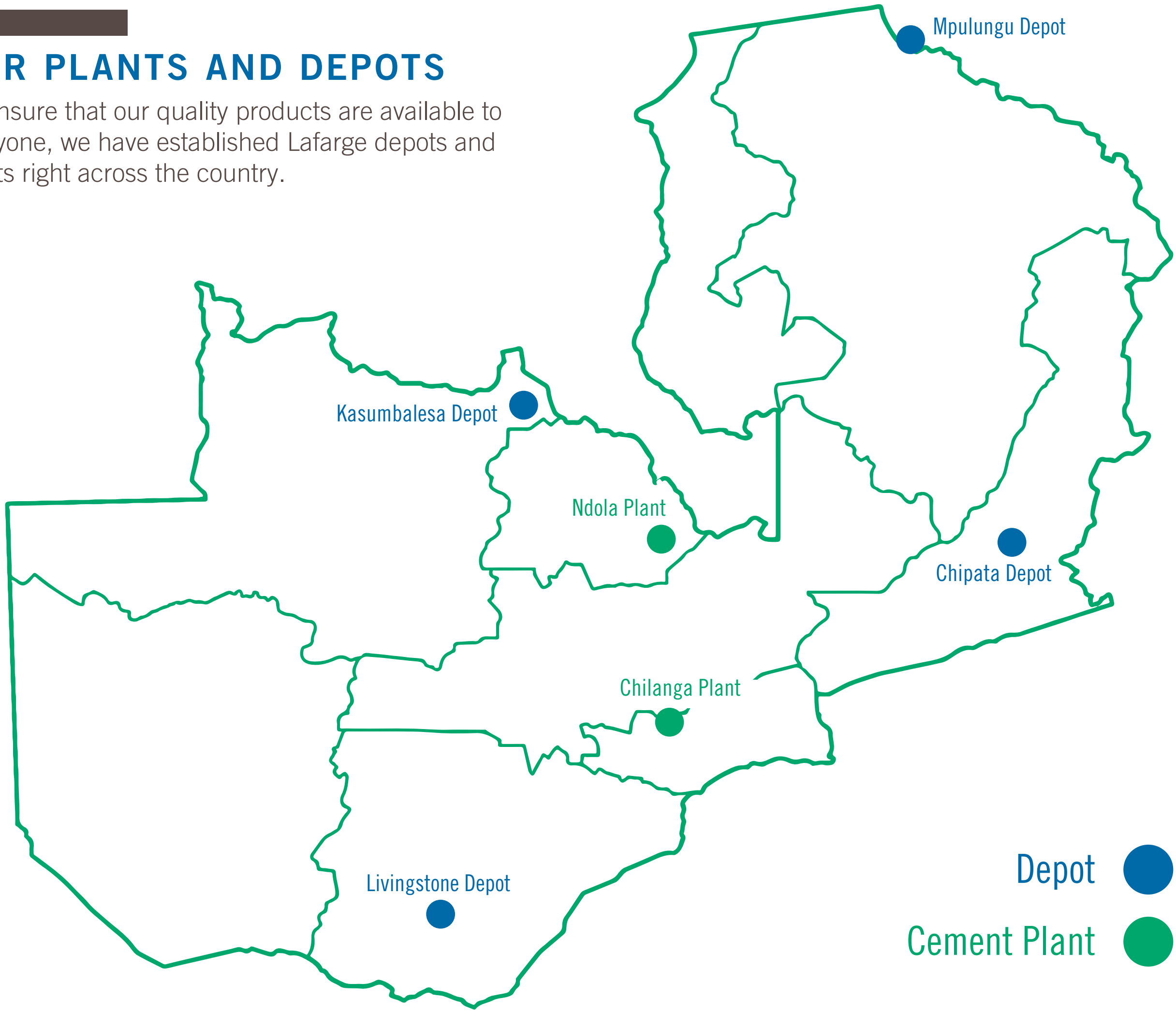
ABOUT
LAFARGE ZAMBIA

OUR PRESENCE IN ZAMBIA

71 years of operating in Zambia.	Chilanga cement plant has a cement capacity of 950 000 tonnes per annum.	Ndola cement plant has a capacity of 550 000 tonnes per annum.	Lafarge Zambia offers the widest product range on the market.

OUR PLANTS AND DEPOTS

To ensure that our quality products are available to everyone, we have established Lafarge depots and plants right across the country.



We are the supplier of choice for major construction projects in Zambia and the region.

INNOVATION
& GROWTH

We will deliver on our growth targets as a result of our focus on providing ingenious and sustainable solutions to our customers, as well as capturing the full value of our differentiated products and services.

Innovation is key to creating superior value for our customers and driving profitable growth across our company. Our focus on innovation is a reflection of our commitment to put end-users and customers at the heart of everything we do.

This goes beyond new products and services. By understanding what our customers do, listening to them and responding quickly with solutions, we aim to make Lafarge Zambia their partner of choice.

We have an extensive innovation pipeline and we are continuously working on a number of significant and distinctive developments, focusing on sustainable construction.

To successfully create a competitive advantage, we are strengthening collaboration with our partners. This is particularly relevant in infrastructure, where we are building partnerships using our sectoral expertise, access to inventive solutions and world-class execution.

With retail representing more than 50% of our volumes, a critical additional differentiating factor is our ability to promote new retail models, leveraging digital solutions, the strength of our brands and the quality of our products and services.

Our culture of innovation enables us to always be ahead of the game and lead the competition, setting the benchmark with premium products and tailored services that offer solutions to the market's most pressing needs.

In 2020, we committed to creating differentiation through state-of-the-art products and solutions under the pillar of Commercial Transformation.
We are currently working on a number of significant and distinctive product developments, including innovations that contribute to lowering the carbon footprint of Lafarge Zambia and that of our suppliers.


追求卓越品质
BUILD EXCELLENT QUALITY

A CUSTOMER-FOCUSED STRATEGY

In alignment with the LafargeHolcim Group's vision, Lafarge Zambia has established a set of strategic priorities to put our customers first and to focus on innovation in products, construction solutions and industrial processes. These priorities include the following:

1. **Create an attractive environment for our people through innovative services such as Lafarge Supablock.**
2. **Serve the building needs of individuals and retail customers through new retail approaches.**
3. **Achieve operational excellence through continuous improvement.**
4. **Be the preferred partner for building and infrastructure.**
5. **Engage our resources for best returns and cash generation.**
6. **Get closer to our customers, allowing us to meet their needs with increased speed, precision and creativity.**

Our goal is to be leaders; recognised as the partner of choice in construction, whether for an individual home, a commercial building or the largest infrastructure project. We use our scale and expertise to continue to innovate, co-creating solutions with our customers and nurturing long-term relationships.

COMMITTED TO BUILDING A BETTER FUTURE IN EACH SEGMENT

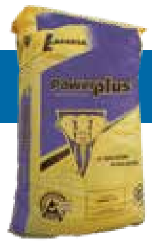
Through continuous market research and dialogue with our customers, we established an area where a lack of sufficient service and products were preventing Zambians from building the quality homes they desired.

Mphamvu 32,5N: A solid foundation

Mphamvu 32,5N is Zambia's leading general-purpose bagged cement, developed to suit a wide range of applications. From domestic buildings to major construction projects, Mphamvu is cost-effective and technically suitable for numerous building applications. Mphamvu is a firm favourite of the individual home builder due to its quality and how easily the fresh concrete can be mixed, placed, and finished with minimal loss.

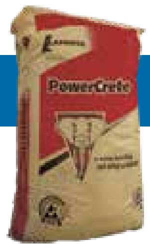
SupaSet 42,5R: Rapid strength

SupaSet is a rapid setting, early strength cement that is ideal for block-making and concrete processes. Its fast drying rate and two-day strength makes it the product of choice for block-makers.



Powerplus 42,5N: Special projects

We provide solutions to meet the specific needs that engage in heavy construction projects, including bridges, railways, stadiums and airports. Powerplus 42,5N is an Ordinary Portland Cement used for specialised building applications where high-strength concrete is required for commercial and architectural structures.



PowerCrete 42,5R: Underground mining

PowerCrete 42,5R is a cement product designed for applications in the mining industry. For ease of handling in mining environments, PowerCrete is packaged in 25kg bags and has a plastic inner lining that makes it water resistant, providing greater workability in underground conditions.

Powerbuild 42,5N: Mass concrete applications

We possess expertise to engage in co-design for a wide range of products. Powerbuild is designed for mass concrete applications such as foundations of large buildings.

BRIDGING THE QUALITY GAP, BLOCK BY BLOCK

Despite having developed SupaSet, a world-class block-making cement, there was still a distinct lack of quality in the actual blocks that users had access to. Many Zambians were building their projects with blocks that were uneven, brittle and made with cement products not suitable for block manufacturing.

In 2017, we set about developing and launching the following solution that helped to bridge the gap observed, so that Zambians could truly build better cities in partnership with Lafarge Zambia.

Concrete block-making is a thriving industry in our country, providing employment opportunities for thousands of Zambians. However, the industry also has many challenges when it comes to consistent quality and conforming to standards.

To help meet these challenges, Lafarge Zambia launched SupaBlock; a new franchise network specifically for block-makers. This franchise enables approved block-makers to partner with Lafarge Zambia to produce certified concrete blocks that conform to the set standards by the Zambia Bureau of Standards (ZABS) ZS007.

Through the partnership, franchisees have access to world-class quality control at the Lafarge Zambia concrete laboratory, ensuring that the production of blocks is of superior strength and that they are consistent in size and shape. SupaBlock franchisees are supported by Lafarge Zambia with marketing, sales and technical support. They also have the opportunity to tap into the wide network of Binastore retail shops to sell their blocks.

ET Blocks Factory, Lusaka

BUILDING ZAMBIA

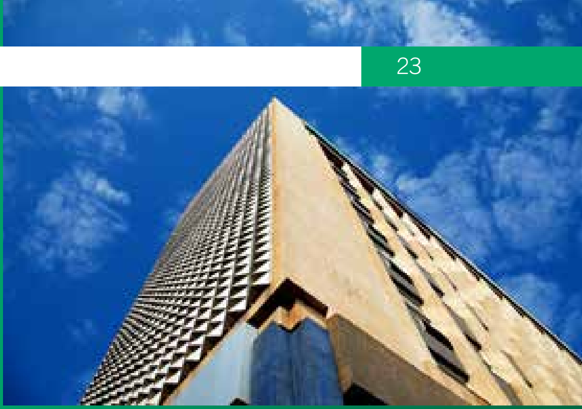
THE PREFERRED PARTNER FOR BUILDING INFRASTRUCTURE

Our ability to deliver innovative and targeted solutions together with world-class material solutions has made us the preferred infrastructure partner for a number of projects in 2020:

- Bonanza Golf Course and Resort
- Bauleni Shopping Mall
- Mwami one-stop border post
- Kazungula one-stop border post
- Turnpike-Chikankata Road Project
- OPRC road projects in Mkushi and Chibombo
- Rehabilitation of Kariba Dam plunge pool
- Kenneth Kaunda International Airport
- Monze, Mpika and Lusaka National Milling Plants
- State-of-the-art Standard Chartered Bank Headquarters

We continue to contribute to the development of infrastructure as we are the preferred supplier for:

- Radisson Blu Mosi-oa-tunya Resort, Livingstone
- King Salman Bin Abdulaziz Specialist Hospital, Lusaka
- Lusaka Decongestion Project, Lusaka
- Kafue Gorge Lower Power Station, Kafue
- Kenneth Kaunda International Airport, Lusaka
- Lusaka L400 Urban Roads Project: Phase 3
- Decongesting Lusaka Urban Roads
- Lusaka Specialized Hospital
- Protea Hotel Bonanza
- Kashikishi-Chiyengi road
- Ndola Airport
- Isoka-Chinsali and Chinsali-Nakonde roads
- Ndola urban roads - C400
- Kitwe-Ndola dual carriageway, Copperbelt Province
- Kitwe-Chingola dual carriageway
- Kawambwa–Mushota road



DIGITAL INNOVATIONS

MOBILE APP

Lafarge Zambia committed itself to develop and innovate to meet and accommodate the growing consumer demands by leveraging digital innovations. The thirst to constantly enhance the consumer experience led to the introduction of a mobile app for Lafarge direct end-users; retailers, concrete block manufacturers, and contractors.

Since the launch of the Lafarge Mobile App, the app has become the customers most convenient way of ordering cement during the global pandemic as customers are now able to;

- Place orders
- Track orders
- Check account balances
- Upload proof of payments
- Report and share any feedback
- Manage cement stock

This initiative is an extension of the current customer service of Lafarge Zambia and through this initiative, the Company aims to provide customers with the flexibility of accessing their account 24/7 via their smartphones. This enables faster services, quick order turnaround time, and transparency of the order process and their account balance.

LAST-MILE DELIVERY

In May 2020, Lafarge Zambia introduced a last-mile solution to continue selling cement nationwide in Zambia amidst a global pandemic to its end-users. To achieve this, Lafarge partnered with two FMCG start-ups: Tigmoo and AfriDelivery, which provided logistical solutions to end-users across seven towns in Zambia including; Lusaka, Ndola, Kitwe, Livingstone, Chipata, Chingola, and Solwezi.

Lafarge's integration of the AfriDelivery and Tigmoo apps into its services is aimed at giving end-users a safe, cost-effective, and convenient digital solution that allows them to order, make a payment, and have their cement swiftly delivered to their construction site within 2 hours from their mobile phones.

Lafarge is proud to note that the ever-innovating ways have helped cushion the impact of Covid-19 on the quality of service delivery. Through AfriDelivery and Tigmoo services, Lafarge has been able to serve both local and international customers by easing the shopping experience.

WIN A HOME PROMOTION

The month of September saw Lafarge Zambia yet again add value to our customers' experience. Lafarge customers had the opportunity to purchase cement through the two apps with a chance to win one of three houses worth K1,100,000 in Nkwashi Estate.

The end-user promotion came with additional monthly prizes that include cement and building materials. The partnership with Atlas Mara and Thebe Investment (Nkwashi) intended to push forward digital purchases during the Covid-19 times whilst ensuring the safety of everyone.

With convenience and safety at the core of Lafarge, cost-saving is a guaranteed added advantage when one purchases our Lafarge cement digitally via mobile apps.

EMPLOYEE GROWTH **& DEVELOPMENT**

As part of the LafargeHolcim Group, we believe our people are the key enablers to executing the company strategy, therefore, employee growth and development is very important to our organization. We, as a business, support and invest in various employee training programmes to enhance existing skills and encourage the acquisition of new knowledge. We always aspire to build and sustain a learning organisation that is focused on achieving sustainable transfer of knowledge, skills and behaviours.

Talent growth, knowledge sharing and innovation are a priority in achieving positive changes to organisational performance. We offer best practice learning experiences from within the organisation and other LafargeHolcim business units, to be able to respond to our immediate and long-term business imperatives.

In 2020, employee learning and development programmes were challenged by the Covid-19 pandemic that forced suspension of all planned face-to-face activities. With the help of the LafargeHolcim Group an online learning culture evolved, leading to a new direction that saw Lafarge Zambia invest in a total of **5 885 man-hours** in training for both the technical and support functions.

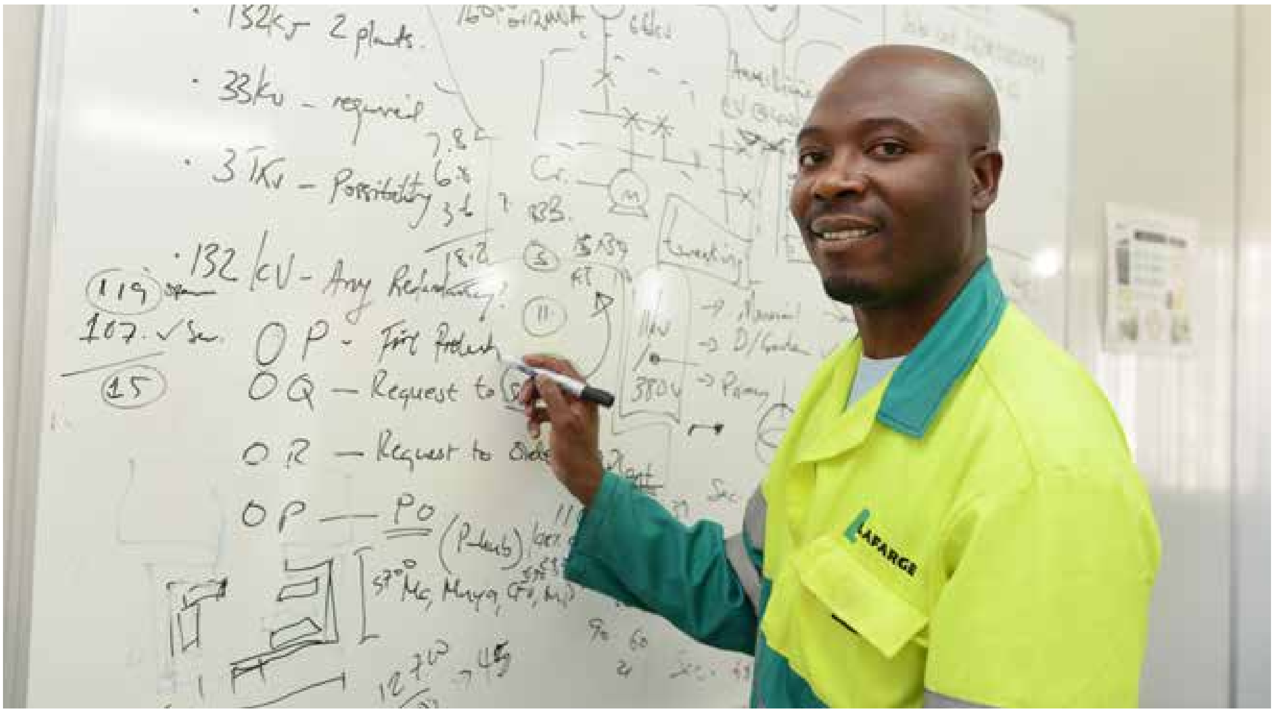
The various developmental and upskilling interventions were aimed at building technical competencies to keep abreast with business performance requirements.

TECHNICAL TRAINING

The LafargeHolcim learning model places a focus on experiential learning, which emphasises learning on the job both within the business unit and in other operations within the group. This gives our employees exposure to learning best practice skills from top-performing cement plants across the globe.

In Zambia, the cement industry is still in its developing stage and, as a result, in some instances talent may not be readily available. It is for this reason that Lafarge Zambia continues to invest in a number of technical training programmes to enhance the skills of existing employees.

Some of the upskilling interventions covered in 2020 included; MEA (Middle East and Africa) – Maintenance Engineers Development PACT; CIP - Be Ready Foundation (Kenya); Train the Trainer – forklift operations and certification refresher (local); ROCK Quarry Operations (UK); Kiln Coach and Control Room Operators Training (RSA); CIP - Be Ready Launch (Local); MEA - Process Engineers Skills Development, Technical Information System (TIS) and MEA Patrollers Virtual Reality Walk By Inspection (local).



HEALTH, SAFETY AND THE ENVIRONMENT

In 2020, health and safety continued to be an overarching value for the business. Due to the Covid-19 pandemic, most Health & Safety training was conducted online and covered the following topics; Covid-19 precautions, first aid, confined spaces, work at height, Lock Out Try Out and Tag Out (LOTOTO), electrical safety, defensive driving, new employee on-boarding, mobile equipment and LafargeHolcim Health & Safety Standards in Energy Isolation.

LEADERSHIP & MANAGEMENT TRAINING

Lafarge Zambia develops talent through experiential learning, mentoring, coaching and conventional classroom experiences. We believe in investing in the development and nurturing of future leaders in order to achieve better business results through increased productivity and improved decision-making.

In 2020, Lafarge Zambia continued to focus on building its leadership capability and coaching skills for managers. The notable leadership training sessions conducted included; Accelerate for plant managers, Business School Leadership & Management (for graduate trainees, supervisors and managers) and a Leadership Seminar (Dubai). Other employee development interventions conducted during the year were the Lafargeholcim Amounting and Reporting Principals workshop and inventory controlling for cost controllers.

CODE OF BUSINESS TRAINING

Integrity remains one of the key values that is non-negotiable at Lafarge Zambia. With the support from the LafargeHolcim Group, the following training programmes were conducted in 2020; anti-bribery and corruption training, third-party due diligence, fair competition law and conflict of interest training.

STEP UP - BUILDING OUR TALENT PIPELINE

Lafarge Zambia, as part of the LafargeHolcim Group, continued the realization of a need for competence enhancement and steady long-term supply of talent for key roles within the company.

As a result of a shortage of the right skill sets in the cement industry, Step Up was launched. This is a graduate trainee programme for the Lafarge Middle East and Africa region and was launched in 2018 as an intervention to build a strong talent pipeline. Step Up was designed to give a strong start to LafargeHolcim young graduate employees and at the same time, allow the development of regional talent from day one. It demonstrates a long-term commitment to the Middle East and Africa.

In addition to seven graduate trainees recruited in 2019, Lafarge Zambia recruited five more graduate trainees in 2020, covering both industrial and non-industrial functions. The Graduate Development Programme gives an opportunity for graduates to gain practical work experience and develop critical skills in the areas of their career interests, within a leading environment and with world-class practices.

Furthermore, Lafarge Zambia recognizes the need to contribute to the development of manpower in the country as a responsible corporate citizen. We are aware of the importance of providing opportunities to students and recent graduates so that they may gain practical work experience under the support and guidance of experienced employees in their respective fields, through internships and student attachments.

In 2019, the maiden group of 20 interns were recruited with a 95% successful integration rate, making them permanent and pensionable employees which helped to bridge the much-needed succession planning pipeline. In 2020, an additional 27 interns were recruited on a 12-month trainee basis into various functions of the business. (AMB) coaching sessions were also conducted on an on-going basis throughout the year.

HEALTH, SAFETY, ENVIRONMENT AND SECURITY HIGHLIGHTS

Health and Safety is our core value, and is seen in all areas of our operations. We conduct our business in a manner that creates a healthy and safe environment for all stakeholders; our employees, contractors, communities and customers. This is built on a sound health and safety culture.

We believe in visible leadership and personal accountability for health and safety at all levels of our organization.

Our commitments are, among others: to conduct our business with a goal of zero harm; to provide safe and secure working conditions for employees and contractors; to maintain a global health and safety management system designed to continuously improve our performance and actively minimize risks in our business; to comply with applicable legal, regulatory, industry and corporate requirements; to communicate openly with all stakeholders on relevant health and safety issues; and to educate all employees and contractors when to stop any unsafe work.

"Nothing we do is worth getting hurt for"

HEALTH AND SAFETY IMPROVEMENT PLANS

At Lafarge Zambia, we strive to create a healthy and safe environment for our employees, contractors, customers, and stakeholders. Nobody should get injured while working with or for us as our goal is zero harm to people. To achieve this, we need the commitment of everyone.

2020 was a tough year for Lafarge Zambia - not only due to the Covid-19 pandemic but the fact that we recorded three fatalities. One off-site incident involving a bulk loading tanker at a customer's site, and two on-site incidents; one at Chilanga plant and one at Ndola plant, both involving contractors. These tragic incidents have helped us to improve on our health and safety procedures and to enhance our focus, particularly on Contractor Safety Management.

OPERATING DURING COVID-19

Covid-19 had an impact on Lafarge Zambia, as it did for all other companies. Various measures were put in place to ensure our employees and contractors worked in safe conditions during the period.

A successful lockdown trial was done at both Chilanga and Ndola plants to ensure that the company was ready to react in the event of a total countrywide lockdown.
Some of the measures that were put in place at Chilanga and Ndola plants included:

- Temperature checks at plant access points.
- Sanitizing people as they enter the plants.
- Mounting of additional hand sanitizer dispensers in the plants.
- Purchasing of water buckets and hand-washing soaps.
- Collecting company staff who use public transport, close to their homes.
- Reducing the number of people on-site by implementing a work-from-home policy.
- Reducing the number of people who sit in the canteens.
- One-metre social distancing to mitigate the spread of the virus.
- Completion of the Covid-19 checklist for all contractors coming on-site for the first time.
- Mandatory face protection for all who access the site.
- Introduction of online meetings.
- Purchasing state-of-the-art ventilators for Chilanga and Ndola plants, in case the need arose.
- Disinfecting of trucks entering the site.

The pandemic did not spare the company as employees and contractors in our Ndola plant tested positive for the virus. Measures were put in place to prevent the other employees and contractors from contracting the virus, which included:

- The Ndola plant was closed for 24-hours to allow for mass disinfection.
- Mass testing conducted by the Ministry of Health at both Chilanga and Ndola plants.
- Continuous sensitization and engagement of employees on Covid-19 preventive measures through various platforms.
- Ensuring that any person with recent travel to a high-risk country or area, or those exposed to a confirmed case, completed the mandatory 14-day quarantine.

OCCUPATIONAL HEALTH ASSESSMENTS

Each job has specific demands, conditions and hazards, whether chemical, biological, physical, ergonomic or psycho-social. Workers should be protected from any and all occupational health risks. This can be achieved through a risk management process, which involves risk analysis, risk assessment and risk control practices.

The assessments help to resolve two issues:

1. To ascertain whether the individual meets the physical and mental attributes inherent to the specific job, without adverse effects or any impact on the individual, fellow employees, environment and product.
2. To ascertain whether such exposure to the hazards in the working environment could result in harm to the employees. If harm has been caused, then we aim to manage the consequences according to the legal framework of the country and policies within the company.

These assessments started in 2019 for Chilanga plant, which was done for employees only. They continued throughout 2020 for both Chilanga and Ndola plants, which incorporated contractors in various occupations.

EMPLOYEE AND CONTRACTOR WELLNESS

Lafarge Zambia cares about the health of its contractors and employees, hence it partnered with certain organisations to provide health check-ups to ensure that all people working on our sites are fit and healthy.

We partnered with Vision Care eye hospital, which offered eye checks, as well as JSI, which offered the following tests:

- HIV counselling, engagement and testing.
- Testing for sugar.
- Blood pressure checks.
- Test for malaria.
- Body Mass Index tests.
- Women's Clinic (breast and cervical cancer screening).
- Men's Clinic (prostate cancer and STI screening).

There was a great turnout from both Chilanga and Ndola plants, which shows how committed each individual is to their health status.

In our quest to combat the malaria epidemic, the Health & Safety department in conjunction with the Chilanga District Health Office conducted an indoor residual spraying at the Chilanga plant head office and the quarry. A similar arrangement was made for the Ndola plant.

FIRST AID AND MEDICAL EMERGENCY RESPONSE

First aid

Lafarge Zambia cares about the well-being of its employees and contractors, hence various training programmes are conducted to ensure the company is ready when faced with a calamity. Chilanga plant had a successful first aid training session in 2020, where more first aid responders were successfully trained.

First aid is very important as it is the first help, treatment and care given to a person who suddenly becomes sick or is injured on-site. Administering first aid will make an undeniable contribution to a patient's recovery. In an overwhelming number of cases, first aid has been the difference between life and death.

First aid training gives an individual the confidence to step up and to help when an emergency occurs. The immediate action taken could save a life or prevent a person suffering permanent disability.

Identifying hazards is another benefit of having knowledge of first aid. One would know how to administer the safest response in an emergency situation, as well as know the appropriate steps to take to minimize danger. The skills learned are not only applicable in a workplace but also in the community and at home.

Emergency medical response

The Emergency Medical Technicians (EMTs) were equipped with jumpsuits, vests and jump bags to assist with emergencies. This will help to improve on the preparedness and response time of the EMTs in case of a medical emergency.

EMTs respond to medical emergencies. They deliver patient care, support and evaluation in a pre-hospital setting (i.e. on-scene and during transport to the hospital). This includes assessing the patient, determining the proper emergency care and administering treatment.

COMMITTED TO THE ENVIRONMENT

Tree planting

Lafarge Zambia continues to be committed to the environment and ensuring that it remains a safe place for us today and for future generations. In January 2020, we planted trees at our head office and at the quarry.

Trees are vital for the ecosystem as they provide a range of benefit, such as:

- Help to absorb carbon dioxide from the air, which reduces climate change.
- Absorb toxic gases and minimize air pollution.
- Lower dust levels in the atmosphere.
- Help to reduce noise pollution due to their capacity to act as noise barriers.
- Source of rain - their leaves release water vapor into the atmosphere which condenses and falls back to Earth as rain.
- Provide food and medicine for human beings.

HIGHLIGHTS OF 2020

- Geocycle took part in the launch of e-waste disposal in Zambia, in partnership with local waste companies. We are the first company to dispose of our stored e-waste in an environmentally-friendly manner. None of our e-waste ends up in landfills or dump sites, thanks to the support of ZEMA and ZICTA.
- Geocycle took part in the French Zambia Chamber of Commerce energy conference 2020.

geocycle

For a zero-waste future

Geocycle, a dedicated LafargeHolcim Waste Management brand, provides sustainable waste management solutions to the industrial, service, municipalities and agricultural sectors. It was launched in Zambia in 2017. Waste is an important societal challenge that requires smarter, more sustainable and economically-feasible answers.

- Co-processing guarantees full destruction of waste, leaves no residues and has no harmful emissions.
- Rethinking waste challenges helps us to support our customers in minimizing their environmental impact.
- Geocycle ensures regulatory compliance, the highest health and safety standards, environment protection as well as complete traceability.
- We employ standardized and globally-proven processes to offer highly reliable solutions.
- We support effective implementation of environmental programmes.
- We support our partners to make sustainability processes run in a highly efficient and compliant way.
- We believe in the power of teamwork, collaboration and joining forces; within our company and together with our customers.
- Geocycle offers a local waste management solution, enhancing your waste management capabilities with minimum investment.
- We offer long-term solutions to your waste challenges, diverting it from landfills and waterways.

OUR PROMISE IS CLEAR

- We offer best-in-class solutions for the circular economy and breakthrough ideas for a zero-waste future.
- We will work relentlessly to bring Zambia closer to a zero-waste future.

WASTE MANAGEMENT

We believe in the reduction of waste as much as possible, through recycling and co-processing of waste to reduce waste in landfills. Waste has a negative impact on the environment as harmful chemicals and greenhouse gasses are released from landfill sites.

In order to improve our disposal of used oil in our co-processing, a used oil tank project is being put in place. The Environmental Project Brief (EPB) was approved by ZEMA in 2020. This project will help to get rid of waste oil at a faster rate and will also aid other companies that have problems with disposing their waste oil. Through this, we will be able improve our environment and make the world a better place.

PEOPLE & COMMUNITIES

Lafarge Zambia is committed to creating shared value within our communities. Our main focus as a business is improving education, infrastructure, implementing health programmes, defending human rights as well as championing diversity. Above all, we want to ensure the health and safety of all employees and other stakeholders, through the diligent and continuous promotion of sustainable operations.

2020 has been a year of uncertainties; dynamically changing from one quarter to another due to the Covid-19 pandemic which has affected and endangered the country's economic stability and social fabric. As a result, many CSR activities, such as the Lafarge Lusaka Marathon, had to be suspended after careful guidance from the health authorities.

Our 2020 Corporate Social Responsibility program focused on how to respond to the Covid-19 pandemic internally and within the community.

Ventilator designed by University of Zambia

"Creating shared value within society"

Working closely with our communities and promoting their health and well-being is our long term priority. Hence, when Covid-19 was declared a worldwide pandemic, the company worked closely with the Ministry of Health, Local Government, District Commissioners Offices and the District Health Departments to implement an extraordinary range of measures to ensure the health and safety of our communities.

To combat the virus in our communities, we came up with a community-centric CSR Covid-19 response plan. The plan was executed in two phases; Community Covid-19 awareness and a Community Mask Up campaign.

Under the Community Covid-19 awareness phase, Lafarge Zambia provided and branded three vehicles with Covid-19 messages which the local governments in Chilanga and Ndola then used to do community sensitizations. With the help of the Local Government the vehicles were fitted with public announcement systems which the district health officials used to broadcast information on preventative measures in both local languages and English.

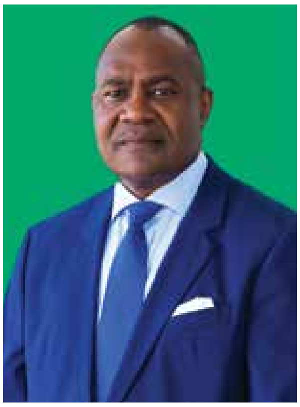
Under the Community Mask Up phase, Lafarge Zambia donated several preventive materials such as hand sanitizers, liquid soaps and masks to key stakeholders at both district and national levels. Some of the institutions the company partnered with, and donated to, in the fight against Covid-19 are:

- **Ministry of Health:** To equip the frontline health staff with the necessary tools to fight the virus. Lafarge Zambia donated masks (sterilized and non-sterilized), (400ml) bottles of hand sanitizer and (450ml) bottles of liquid hand soap.
- **University of Zambia Ventilator Project:** To address the shortage of ventilators in the country. Lafarge Zambia, in partnership with Zambian Breweries, each donated K 50,000 to the University of Zambia (UNZA) School of Engineering to help develop the nation's first prototype ventilator. The ventilator would be the very first ventilator that would be manufactured locally in Zambia.
- **Tubalange Mini Hospital**: To equip Chilanga's only quarantine hospital with the necessary medical utilities needed to fight the virus. Lafarge Zambia partnered with Zambian Breweries to host a virtual fundraising party to raise money for assorted medical items for Tubalange Mini Hospital - a Covid-19 isolation center in Chilanga.
- **Ndola District Health Office:** To equip main clinics in Ndola with the necessary medical utilities needed to fight the virus. Lafarge donated face masks, antibacterial liquid soaps, hand sanitizers and hand washing facilities to Chipulukusu, Ndeke, Lubuto and Itawa clinics.
- **Family are Nations (FaN):** This is a female-led NGO in Mapepe, Chilanga whose aim is to protect thousands of families in the Chilanga area during the global pandemic. As most households are not able to buy reusable masks or hand sanitizers, Lafarge Zambia donated reusable masks to FaN which were distributed to the deserving families in the community.
- **KK Foundation:** Lafarge Zambia donated reusable masks to the KK Foundation which were donated to school with school pupils in Mambwe District.

Lafarge Zambia also made donations towards community projects in the communities in which we operate. In 2020, we supported the following institutions:

- Kawambwa Central Constituency: Lafarge Zambia contributed cement towards the community projects in Kawambwa.
- Buy a Brick campaign by Stanbic Bank: Lafarge Zambia donated cement towards the construction of affordable houses for the vulnerable in the community.
- Chilanga Sports Association: Lafarge Zambia donated building materials towards the renovation of sports infrastructure in the Musamba community.

PROFILE OF THE BOARD OF DIRECTORS



MUNA HANTUBA
Non-executive Chairman

Zambian national, Muna is Non-executive Chairman of the Board of Directors of Lafarge Zambia. He was elected to the Board of Directors in 2003. He holds an MBA from Stirling University in Scotland and a Bachelor of Economics from the University of Zambia.

Muna is currently the Group CEO of African Life Holdings Limited Ltd. He has over 30 years of experience in the financial services sector. He began his career with Meridian Bank Zambia Limited in 1986 and joined the Anglo American Corporation where he headed the Corporate Services. He left Anglo American Corporation in 2000 to join African Life Financial Services Zambia Limited as CEO until December 2015.

Muna is a past chairman of the Securities and Exchange Commission, and a preceding president of the Economics Association of Zambia. He is a director on the various subsidiaries of the African Life Holdings Group, and also a member of the Zambian Chambers of Commerce and Industry. He serves on other corporate boards including REIZ Plc, CEC Plc, Southern Sun Ridgeway Ltd Lusaka, Sanlam Life Insurance Zambia Ltd and Anglo Exploration Limited.

JIMMY J KHAN
Chief Executive Officer

American national, Jimmy has been the Chief Executive Officer of Lafarge Zambia since 2019 and was elected to the Board in the same year. Jimmy holds a Bachelor of Science in Finance/Accounting and Computer Information Systems from Virginia Tech in the United States of America. He was formerly the Managing Director at Lafarge Mauritius from 2015.

His career with Lafarge spans 17 years and his previous roles within the Group have included country business process manager, audit manager and HR manager, amongst others. His experience with Lafarge has covered Mauritius, Seychelles, Nigeria, France and North America.

Jimmy has been engaged in reviewing the organization's structure and optimizing efficiency, launching new products, creating a culture of communication and performance and reorganizing the management system. He has experience in managing a wide range of overseas missions in countries such as the UK, Brazil, China, Greece, South Africa and Saudi Arabia, amongst others.

AHMED KHALIFA
Chief Financial Officer

Egyptian national, Ahmed has been the Chief Financial Officer for Lafarge Zambia since October 2019 and was elected to the Board in the same year. Ahmed holds a Bachelor of Commerce from Alexandria University in Egypt.

Ahmed has a diversified career portfolio, having worked as Treasurer and Risk Manager at Mansour Group, and the Chief Financial Officer at Orascom Rail Constructions and Amer Group. His career with Lafarge spans six years.

He has proven financial experience and provides executive leadership in the continuous evaluation of the short- and long-term strategic financial objectives, as well as offering solutions to enhance the financial performance of a company. Until this appointment, Ahmed was the Country Chief Financial Officer at LafargeHolcim Jordan.

PIERRE DELEPLANQUE
Area Manager, East & South Africa. Executive Board Member

Pierre is a French national. He holds a diploma from Grenoble Ecole de Management.

He was appointed to the Board in 2018. Before his appointment, he was an Area Manager for LafargeHolcim Europe since October 2015.

Pierre began his career with Lafarge in 1989 and held a series of management positions, including spells as Chief Financial Officer in Venezuela and the Philippines. In 2005, he was appointed CEO of a new BU in Ecuador. In January 2008, he was made project leader for the post-merger integration of Orascom. Later that year, he relocated to Greece as Managing Director of Heracles GCC.

He was appointed Chairman of the Hellenic Cement Association in 2014.

MARK O'DONNELL
Non-executive Board Member

Zambian national, Mark is a Non-executive Member of the Board of Directors and the Chairman of the Audit and Risk Committee at Lafarge Zambia. He was elected to the Board in 2008.

Mark is the Managing Director of Union Gold Group, as well as a member of the Institute of Directors. He was Chairman of the Tourism Council of Zambia in 2013. Mark has also held the position of Managing Director of ERZ Holdings - one of Zambia's largest companies with interests in engineering, manufacturing and spare parts.

In 1996, he started his own company - O'Donnell Holdings, with investments in tourism, manufacturing and trading. The company was later merged into Union Gold Zambia Limited.

Mark has served on several boards including Madison Life, Care for Business, Zambia Animal Wildlife Association, the Lusaka Stock Exchange (LuSE) and the Zambia Bureau of Standards (ZABS).

MWELWA CHIBESAKUNDA
Non-executive Board Member

Zambian national, Mwelwa is a Non-executive Member of the Board of Directors of Lafarge Zambia and was elected to the Board in 2008. Mwelwa is a lawyer and an advocate of the High Court and Supreme Court of Zambia. He holds a Master of Law degree in International Commercial Law from the University of Bristol; a Bachelor of Laws degree from the University of Zambia and a Legal Practitioner's License from the Law Practice Institute.

Mwelwa is currently the Managing Partner of Chibesakunda & Company, a DLA Piper Africa associated firm that he founded in 2006, which is recognized as a premier provider of legal services in Zambia. He has over 30 years of law practice experience in Zambia. Mwelwa commenced his legal practice at the Ministry of Justice with the Director of Public Prosecutions and the Attorney General's Chambers from 1991 to 1996. Here, he advised the government and associated agencies on international commercial transactions whilst he headed the International Law and Agreements Department. From 1996 to 2006, he worked as a partner at Corpus Legal Practitioners before leaving to establish Chibesakunda & Company.

He has served on several boards including Afgri, Agricultural and Commercial Show Society of Zambia, Lusaka International Community School, Hybrid Poultry Ltd, Verino Agri Processing Industries Ltd, African Grey Insurance Ltd, Teal Zambia Ltd, Lubambe Mine Ltd and Maamba Collieries Ltd.

DR FRANK MUNTHALI
Non-executive Board Member

Zambian national, Frank is a Non-executive Member of the Board of Directors at Lafarge Zambia and was elected to the Board in 2019. Frank is a Chartered Accountant and Chartered Administrator who has attained numerous qualifications. He is a fellow of the Association of Chartered Certified Accountants (ACCA), a fellow of the Zambia Institute of Chartered Accountants (ZICA), associate member of the Institute of Chartered Secretaries and Administrators (now Governance Institute) and he holds a Masters of Business Administration and a Doctorate in Business Administration - Finance from Binary University of Malaysia/ UNZA.

He is currently the CEO and consultant at FM Consulting Services Limited and is responsible for corporate governance, risk management, strategic management and finance. He has 22 years post qualification experience in finance, accounting, auditing (both internal and external), corporate governance, risk management and strategic management.

He has worked for various organizations, including Coopers & Lybrand Chartered Accountants, Mulungushi Investments Ltd (ZCCM), Moores Rowland Chartered Accountants, Koppa Mining Services and Supplies Limited, The Road Transport and Safety Agency (RTSA) and Zambia Cooperative Federation (ZCF).

He has served on many boards, including; Health Professions Council of Zambia, Examination Council of Zambia, Electoral Commission of Zambia, Mukuba Hotel Ltd, Zambia Institute of Chartered Accountants and Zambia Open University and is currently serving on the boards of Premium Medical Services Ltd, Human Rights Commission and The Zambia Institute of Mass Communication (ZAMCOM).

PROFILE OF THE EXECUTIVE COMMITTEE

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THECRA MILAMBO

Human Resources and Communications Director

Zambian national, Thecra has been a member of the Executive Committee of Lafarge Zambia Plc since 2014 and is responsible for Human Resources, Communications & Corporate Affairs. Thecra holds a Bachelor of Arts in Public Administration from the University of Zambia.

She began her career as a Human Resources lecturer at Evelyn Hone College. She then joined Unilever Zambia in the Human Resources Development department and worked in various roles in Zimbabwe and Malawi. Prior to joining Lafarge Zambia, Thecra worked as Cluster Human Resources business Partner under Nestlé, covering Malawi, Zambia and Zimbabwe. At Nestlé, she was involved in the start-up of the Nestlé Zambia Business. This involved registration of the company, hiring of staff, set-up of the local office and establishing company procedures.

Thecra is passionate about talent development, especially working with young professionals. Throughout her career, she has devoted time to ensuring young people are given a chance to get a good start to their careers. For the last seven years, Thecra has led the development and implementation of the Human Resources Strategy for Lafarge Zambia. After the merger in 2015, as a member of the regional HR round table, she worked with the regional Human Resources Head to establish and develop regional policies.

CHIBUYE MBESUMA NGULUBE

General Counsel and Company Secretary

Zambia national, Chibuye has been a member of the Executive Committee of Lafarge Zambia Plc since December 2019. Chibuye is a practicing lawyer with over 11 years of experience in the legal fraternity. She started her career in 2010 when she worked for H.H Ndhlovu and Co under the guidance of Mr Hlazo Ndhlovu (State Counsel). Chibuye holds a Bachelor of Law from the University of Zambia and was admitted to the Zambian Bar in 2012. She began her practice at Theotis Mataka and Sampa legal practitioners as an associate advocate.

In January 2014, Chibuye was appointed as the Head of Litigation at Victoria Dean Advocates where she obtained vast knowledge on mergers and acquisition inter alia. In September 2019, she was appointed as litigation manager at Lafarge Zambia Plc and eight months into the job, compliance was added to her role; thereby making her the Litigation and Compliance Manager.

OBED NKANDU
Supply Chain Director

Zambian national, Obed has been a member of the Executive Committee of Lafarge Zambia Plc since April 2019 and is responsible for procurement and logistics. Obed holds a Master of Science (MSc) in Supply Chain Management from the University of Bolton.

He has significant experience in supply chain management with expertise in sourcing, negotiation, logistics, business transformation and project management, which he gained working with leading copper and zinc mining firms, as well as various business units within the LafargeHolcim Group. He has worked on missions in India, Spain, Nigeria, Egypt, Morocco, Algeria, Kenya, Uganda and South Africa. His previous roles with the LafargeHolcim Group included Procurement Manager, Logistics Manager, Business Process Expert for Middle East and Africa, Logistics Director and Logistics Excellence at Group Logistics in Switzerland.

CHOOYE HAMUSANKWA
Commercial Director

Zambian National, Chooye joined Lafarge Zambia in July 2020 as Commercial Director. Prior to this, Chooye was Head of Business for Innscor Zambia, leading the commercial functions for Kelloggs, Nestlé, Tiger Brands and Johnson & Johnson.

Chooye holds a Bachelor of Business Administration from the Copperbelt University and is an MBA candidate with the University of South Wales. Chooye has worked for British American Tobacco as Head of Trade, as well as for Zambian Breweries, a subsidiary of ABInbev, where he held various roles within the commercial department before being appointed as district manager.

Chooye has over 10 years of experience working in multinational corporations and with expertise in route-to-market optimization, brand planning, pricing optimization, trade execution, new product launching, sales management, team mentoring, business planning and negotiations.

RODGERS MULENGA
Chilanga Plant Manager

Zambian national, Rodgers has been a member of the Executive Committee of Lafarge Zambia Plc since August 2020 and is responsible for the Chilanga plant. Rodgers holds a Bachelor of Engineering (Mechanical) from the University of Zambia.

He has significant experience in cement plants, having worked in Nigeria and Zimbabwe for Lafarge. He also worked for FLSmidth under the Operations and Maintenance division in Nigeria, Egypt and Angola. Until his appointment, Rodgers was the Maintenance Manager for the Chilanga plant.

NASON KASOMA
Acting Ndola Plant Manager

Zambian national, Nason is the Acting Plant Manager for Ndola plant and has been a member of the Executive Committee since October 2020. He holds a Bachelor of Mechanical and Electrical Engineering from Copperbelt University.

He has significant experience in cement manufacturing and plant maintenance, having worked for Lafarge for 21 years in various roles. Among the key roles he has managed are Projects Engineer, which focused on ensuring implementation of all capital projects, Methods Manager, with a focus on successful shutdown management, and Maintenance Manager, ensuring equipment monitoring, execution and improvement.

PROFILE OF THE EXECUTIVE COMMITTEE

CONTINUED

JAMES KIRKPATRICK
Chilanga Plant Manager
Resigned on 1 August 2020

British national, James was a member of the Executive Committee of Lafarge Zambia Plc since November 2017 and was responsible for the Chilanga plant. James holds a Master of Engineering (Hons) in Chemical and Bio-processes Engineering from the University of Surrey.

He has significant experience in managing cement plants, having worked in the United Kingdom, Canada, Iraq, Tanzania, Malawi, and South Africa. Until his appointment, James was the Industrial Talent and Career Manager for LafargeHolcim Middle East and Africa.

PETER J ROBSON
Ndola Plant Manager
Resigned on 31 October 2020

British national, Peter was a member of the Executive Committee of Lafarge Zambia Plc since January 2019 and was responsible for the Ndola plant. Peter holds an HND in Structural Engineering from Darlington Technical College UK.

He has significant experience in managing cement plants, having worked more than 40 years in the cement industry in the United Kingdom, France, Nigeria and Uganda. Until his appointment, Peter was the Plant Manager at Mfamosing plant in Nigeria.

NOTICE OF THE
29TH ANNUAL GENERAL MEETING

Notice is hereby given that the 29th Annual General Meeting of the members of Lafarge Zambia Plc will be held at 10:00 hours on 31st May 2021. The AGM proceedings will be conducted electronically via the Zoom video link provided below.

https://lafargeholcim.zoom.us/webinar/register/WN_wgFYnEQER-CUduxIIXdBMw

The following business shall be transacted:

1. To approve the minutes of the 28th Annual General Meeting held on 21st May, 2020;
2. To receive and consider the Annual Financial Statements for the year ended 31 December 2020, including the Directors' Report and Report of the Auditor;
3. To consider whether or not the Company will declare a final dividend for the year 2020 after the interim dividend previously declared for the year;
4. To consider and adopt the recommendation for the re-appointment of Deloitte & Touche (Zambia) as Auditors for the year ending 31 December 2021 and authorise the directors to fix their remuneration;
5. To consider, and if deemed fit, approve special resolutions for the change of board member; and
6. To transact other competent business of which due notice has been given.

PROXY

A member entitled to attend and vote at the meeting is entitled to appoint any person (whether a member of the Company or not) to attend and, on a poll, to vote in his/her stead. Proxy forms are obtainable from the Company Secretary and must be lodged at the Registered Office of the Company, Lafarge Zambia Plc Head Office, Farm no. 1880 Kafue Road, Chilanga or sent by email to the Company Secretary at enquiries.zambia@lafargeholcim.

By order of the Board

Chibuye Mbesuma Ngulube
General Counsel and Company Secretary
Lafarge Zambia Plc
Head Office, Farm no. 1880
Kafue Road, Chilanga
PO Box 32639, Lusaka

6th of May, 2021

Board of Directors: M. Hantuba (Non-executive chairman), M. Chibesakunda (Non-executive director), F. Munthali (Non-executive director), S.M. O'Donnell - Non-executive director, G. Earnshaw (Executive director), J. Khan (Chief Executive Officer), A. Khalifa (Chief Financial Officer)

Transfer Secretaries: Sharetrack Zambia Spectrum House, Stand 10 Great East Road, Jesmondine, Lusaka, P.O. Box 37283, Lusaka, Zambia, Tel: +260 211 374791-374794, Fax: +260 211 374 781
Email: sharetrack@scs.co.zm, Website: sharetrackzambia.com

Registered office: Farm no. 1880, Kafue Road, Chilanga, PO Box 32639, Lusaka, Zambia, Tel: +260 211 367 400 / 367 600, Email: enquiries.zambia@lafargeholcim.com, Website: www.lafarge.co.zm

Auditor: Deloitte & Touché

Principal Bankers: Citibank Zambia Limited, Indo Zambia Bank Limited, Standard Chartered Bank Zambia Plc

FORM OF PROXY
LAFARGE ZAMBIA PLC

CHIBUYE MBESUMA NGULUBE
General Counsel and Company Secretary
Lafarge Zambia Plc
Head Office
Farm no. 1880, Kafue Road, Chilanga
PO Box 32639, Lusaka, Zambia

29TH ANNUAL GENERAL MEETING

I/We..

of ....
being a member of Lafarge Zambia Plc hereby appoint

....

of ....

or failing him/her THE CHAIRMAN OF THE MEETING as my/our proxy and/or representative, to vote at his/her discretion for me/us and on my/our behalf at the 29th Annual General Meeting of the members of the Company, to be held via ZOOM, on 27th May 2021, at 09h00 and at every adjournment thereof.

AS WITNESS my/our hand(s) this............................ day of 2021

Signature .... Number of shares held ....

Witness ....

Note: A member entitled to attend and vote at this meeting may appoint another person (whether a member of the Company or not) to attend, speak and vote in his/her stead. This form of proxy should be signed and returned so as to reach the company secretary at the registered office at least 48 hours before the meeting.

cut here

PROXY FORM:
for the year ended 31 December 2020

fold here

AFFIX STAMP

Chibuye Mbesuma Ngulube
General Counsel and Company Secretary
Lafarge Zambia Plc
Head Office
Farm no. 1880, Kafue Road, Chilanga
PO Box 32639, Lusaka, Zambia.

Lafarge Zambia, Chilanga Plant

LAFARGE ZAMBIA PLC

2020 FINANCIAL STATEMENTS & REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

Lafarge Zambia, Chilanga Plant

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2020

The Directors are pleased to present the report and the audited financial statements for Lafarge Zambia Plc for the year ended 31 December 2020.

ACTIVITIES

The business of the Company is the manufacture and sale of cement products. The registered address of Lafarge Zambia Plc is Stand 1880 Kafue Road Chilanga, Lusaka, Zambia.

FINANCIAL RESULTS

Total Revenue for the year was **K1,693,146 thousand** (2019: K1,110,153 thousand) representing growth of 53% against 2019.

Profit before tax was **K342,057 thousand** (2019: Restated Loss of K56,245 thousand). This was driven by the increase in margins arising from strict measures on cost. At the onset of Covid-19, the Company responded to the risk by focusing on health, cost and cash. The impact on cost of the devaluation of the Zambian Kwacha against foreign currencies was mitigated by an increase in export volumes in the year 2020.

Net Finance costs were **K1,412 thousand** (2019: K11,131 thousand). Exchange gains arising mainly from the translation into Kwacha of US dollar denominated receivables, payables and cash balances amounted to **K71,954 thousand** for the year (2019: K756 thousand gain) which was mainly due to the continued depreciation of the Kwacha in 2020 which has resulted in gains from foreign currency denominated monetary assets.

The Company had no medium or long term obligations to financial institutions as at 31 December 2020 (2019: Nil).

DIRECTORS

The Directors who held office during the year were:

Mr. M. Hantuba	Chairman
Mr. J. Khan	Chief Executive Officer
Mr. A. Khalifa	Chief Financial Officer
Mr. M. Chibesakunda	Non-Executive Director
Dr. F. Munthali	Non-Executive Director
Mr. S. M. O'Donnell	Non-Executive Director
Mr. P. Deleplanque	Non-Executive Director

DIRECTORS' INTERESTS

None of the Directors had a material interest in any significant contracts concluded during the year. The number of shares held by the Directors of the Company as at 31 December 2020 was:

	2020	2019
	K'000	K'000
Dr Frank Munthali	2 203	2 203
Mr. M. Hantuba	2 000	2 000
Mr. M. Chibesakunda	1 500	1 500
Mrs. D. Mulwila (Resigned on 3 April 2019)	-	18 500

DIVIDENDS

At the Board meeting held on 3rd November 2020, the Board of Directors approved and paid an interim dividend of K1.5 per share for half year ended 30th June 2020 (2019: Nil). At the next Annual General Meeting, the Directors will propose a interim dividend of K0.5 per share (2019: Nil) for the year 31 December 2020.

PROPERTY, PLANT AND EQUIPMENT

The Company continues to invest in it's operations, capital expenditure for the year 2020 was **K48,715** thousand (2019: K57,007 thousand).

During the year, assets with a value of **K43,715** thousand (2019: K18,732 thousand) previously in capital work in progress were completed and commissioned. The assets were transferred to the relevant class of assets.

Further, as disclosed in Note 14 and 15 to the financial statements, the Aggregates business was discontinued due to operational challenges leading to financial losses. Consequently, assets related to the discontinued operations with a net amount of K39,313 thousand have been written off in the current financial year.

EQUITY INVESTMENTS

The Company owns 14% of the issued ordinary equity capital of Mbeya Cement Company Limited, incorporated and operating in Tanzania. The Company did not receive any dividends from this investment in 2020 (2019: nil).

SHARE CAPITAL

The authorised Share Capital of the Company is **K12,300,000** (2019: 12,300,000) consisting of:

	Number of shares
Ordinary shares of K0.05 each	240 000 000
Non-cumulative redeemable preference shares at K0.10 each	3 000 000
	243 000 000

The issued Capital comprises 200,040,457 Ordinary Shares with a par value of K10,001,995 held as follows:

	Number of shares	%
Pan African Cement Limited	100 219 992	50.10
Financiere Lafarge	49 806 997	24.90
Public (institutions and individuals)	5 533 668	2.76
LuSE Central Share Depository Limited	44 479 800	22.24
	200 040 457	100.00

The Lusaka Stock Exchange Central Share Depository Limited holds shares in its capacity as nominee for approximately **3,428** shareholders. Other than the shareholdings listed above, the Directors are not aware of any individual shareholding that exceeds 3% of the issued share capital. Under the Articles of Association the unissued share capital of the Company is controlled by the Directors.

The Company has complied with the minimum float requirements of the listing rules of the Lusaka Stock Exchange Corporate Governance Code for Listed and Quoted Companies.

EMPLOYEES

The average number of employees during each month of the year was:

	2020	2019
January	397	406
February	391	404
March	399	405
April	409	404
May	409	400
June	409	395
July	409	416
August	405	414
September	405	417
October	405	412
November	405	408
December	405	404

The total remuneration paid to employees during the year was **K161,441 thousand** (2019: K153,187 thousand) and has been charged to profit or loss as follows:

	2020	2019
	K'000	K'000
Cost of sales	96 200	93 075
Operating expenses	65 241	60 112
	161 441	153 187

EXPORTS

The value of export sales by the Company during the year was **K925,410 thousand** (2019: K513,614 thousand). This has been driven by increased focus on our export markets and the devaluation of the Zambian Kwacha against the US dollar.

DONATIONS

The Company supports various charitable organisations in Zambia through various materials and cement donations as well as volunteering time. In 2020 the Company spent **K876 thousand** (2019: K389 thousand) out of which **K750 thousand** went to the local community to aid in the fight against the Covid-19 pandemic. No donation was of a political nature.

HEALTH AND SAFETY

The Company has a formal health and safety policy that has been approved by the Board and is designed to ensure a safe working environment. The policy is implemented through safety committees and through a joint participative effort between management and the workforce.

Health and Safety is LafargeHolcim's overarching value and every activity performed has this value embedded in it. Health and Safety standards are regularly reviewed and updated to ensure that improvements conform to LafargeHolcim Group policies and worldwide best practice.

In the light of the Covid-19 pandemic, the Company instituted a Business Resilience Team to focus on measures to mitigate the impact of the pandemic on it's stakeholders and business operations.

ENVIRONMENT

The Company has a formal environmental policy, approved by the Board, which prescribes the procedures and practices to be followed to achieve minimum environmental impact. The Company is licensed by the Zambia Environmental Management Agency (ZEMA) which monitors and regulates its performance. Lafarge Zambia Plc, as a member of the LafargeHolcim Group, also complies with the LafargeHolcim Group's 2030 plan which is aimed at implementing the Group's Sustainability strategy thereby contributing to the attainment of United Nations Sustainable Development Goals.

DEVELOPMENTS IN THE INDUSTRY AND MARKET

The Company operated in a market faced with tight liquidity, rising costs and depreciation of the Kwacha due to the Covid-19 Pandemic which disrupted business globally. Early 2020, the Covid-19 outbreak became a global pandemic and has since impacted the health of many people across the world. In order to face the current crisis, the Company has already implemented its action plan Health, Cost & Cash which aims to protect the health of its employees, customers, suppliers and other stakeholders while limiting the impact on profitability. The Company continues to focus on market development with a special focus on Burundi, Democratic Republic of Congo, Zimbabwe and Malawi for cement and clinker sales.

RELATED PARTY TRANSACTIONS

The Directors confirm full and adequate disclosures of all related party transactions entered during the year with all the related parties and the subsequent year end balances at 31 December 2020. See details included under note 21 to the financial statements.

LEGISLATIVE DEVELOPMENTS

The Securities and Exchange Commission (SEC) introduced (Internal Control Framework Reporting for Issuers of Registered Securities) guidelines effective 2019. These guidelines are to be implemented over a five (05) year period. Year 2 (2020), which is the current year under consideration requires self-certification by the issuer. The Company will ensure that this is complied with and the report shared with SEC by 31 May 2021 in line with the guidelines.

The Board has reviewed the Companies Act, 2017 and confirm that, all requirements of the Act have been complied with.

To the best of their knowledge, the Directors confirm that the Company have complied with the Factories and Public Health Act including but not limited to the Occupational Health and Safety Act 2010, Mines and Minerals Development Act of 2015, the Factories Act No. 44, Public Health Act and the Zambia Environmental Management Act.

SUBSEQUENT EVENTS

Subsequent to year end on 31 March 2021, the Competition and Consumer Commission (Commission) had issued a press release in which it was concluded that Lafarge Zambia Plc had contravened the Competition and Consumer Protection Act.

Since the initiation of the Commission's investigation in January 2020, Lafarge Zambia Plc had consistently denied the Commission's allegations of its engagement in restrictive business practices in the cement sector. As at 31 March 2021 Lafarge Zambia Plc was yet to receive the full decision of the Commission Board.

Lafarge Zambia Plc cooperated with the Commission throughout the investigation process and it intends to exercise its rights to appeal the decision.

Other than the matter above, there are no other material facts or significant events after the reporting date which would require adjustments or disclosure in these financial statements.

AUDITORS

Messrs Deloitte & Touche were appointed as the Company's external auditor during the year and their term of office comes to an end at the next Annual General Meeting. A resolution proposing their re-appointment as auditors and authorizing the Directors to determine their remuneration will be put to the Annual General Meeting.

By order of the Board.

CHIBUYE M. NGULUBE
Company Secretary
Lusaka, Zambia
Date: 31 March 2021

STATEMENT ON CORPORATE GOVERNANCE

FOR THE YEAR ENDED 31 DECEMBER 2020

Lafarge Zambia Plc's "the Company" Board of directors and management apply strong principles and high standards of corporate governance in the management of the Company. The goal is to ensure integrity, long-term value and success of the Company in the interests of our various stakeholders who include customers, shareholders, employees, creditors, suppliers, and the communities at large.

The Company takes pride in the fact that it was the first Company to be listed on the Lusaka Securities' Exchange (LuSE) in 1995. In addition to adhering to the relevant laws that govern listed Companies such as the Securities Act, the Company through its Board of directors and management ensures adherence to the LuSE Corporate Governance Code for listed and quoted companies (the Code) and believes that, in all material respects, the Company complied with the principles of the Code throughout the year under review.

The Company further ensured adherence to established Company corporate governance policies such as our Code of Business Conduct for directors, officers, employees and suppliers of Lafarge Zambia Plc that seek to ensure:

- transparent and sustainable value creation by clearly delineating responsibilities, management processes and organization.
- continuous monitoring of the Board of Directors' performance and efficiency.
- appropriate decision-making relating to policy principles and controls.

COMPOSITION OF THE BOARD OF DIRECTORS

According to Section 71 of the Company Articles of Association; the Board of Directors shall consist of between 5 to 9 directors. The Board composition is balanced so that no 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.

As at 31 December 2020, the Board comprised of the following seven (07) members made up of a combination of executive, non-executive and independent Directors:

Names	Status	Appointing Authority	Date of Appointment
Mr. M. Hantuba	Non - executive / Independent & Chairman	Pan African Cement Limited ("PAC")	Re-appointed: 21-05-2020
Mr. M. Chibesakunda	Non - executive / Independent	Pan African Cement Limited ("PAC")	Re-appointed: 03-04-2019
Mr. M. O'Donnell	Non - executive / Independent Current Audit and Risk ommittee Chairman	Pan African Cement Limited ("PAC")	Re-appointed: 21-05-2020
Dr. F. Munthali	Non - executive / Independent	Minority share-holders	Appointed: 03-04-2019
Mr. Jimmy J Khan	Managing Director/ Executive	Financiere Lafarge	Appointed: 19-02-2019
Mr. A. Khalifa	Chief Financial Officer/ Executive	Pan African Cement Limited ("PAC")	Appointed: 26-09-2019
Mr P. Deleplanque	Non-executive	Financiere Lafarge	Appointed: 29-03-2018

BOARD COMMITTEES

The Company Board of Directors met quarterly during the year 2020 and is responsible to shareholders for strategy and direction, monitoring of operational performance and management, risk management processes and policies, setting of authority levels and the selection of new executive directors. The Board is also responsible for the integrity and quality of communication with stakeholders, including employees, regulators and shareholders.

The Board has subcommittees to which it has delegated certain responsibilities to assist it in the discharge of its duties. These subcommittees are accountable to the Board, with the exception of the executive committee of management which reports to the Managing Director.

AUDIT AND RISK COMMITTEE

This Committee met three (03) times in 2020 and it is chaired by Mr. Mark O'Donnell, an independent, non-executive director. The Audit Committee assisted the Board in the discharge of its duties relating to financial reporting to all stakeholders compliance, risk management and the effectiveness of accounting and management information systems.

NOMINATIONS COMMITTEE

The Nominations Committee is chaired by the chairman of the Board Mr. Muna Hantuba. The Committee is tasked with responsibility of considering appointments to the Board and making recommendations for approval by the Board. No meeting was held by this committee in the year 2020.

EXECUTIVE COMMITTEE OF MANAGEMENT

The Executive Committee of Management met weekly in 2020 to implement 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.

RISK MANAGEMENT COMMITTEE

The Committee reviews the nature, extent and categories of risks facing the Company, probability of the risks occurring and the Company's policies among others. The Committee also monitors compliance of the Company regarding Health & Safety, Environment and Ethics. By invitation, the chief executive officer, chief financial officer and Company secretary attend the meetings.

RECORD OF DIRECTORS' ATTENDANCE

In accordance with the Companies Act No.10 of 2017, listing rules of the Lusaka Securities Exchange, the Securities Act No.41 of 2016, the record of directors' attendance and meetings held during year 2020 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 of the meetings were appropriately recorded by the Company secretary, circulated and approved at subsequent Board meetings:

(i) Board Meetings
The Board held 4 meetings during the 2020 financial year. The following table shows membership and the attendance of Directors at the Board meetings held in 2020 financial year:

	5/3	24/6	3/9	3/11	Total
Mr. M. Hantuba	√	√	√	√	4
Mr. J. Khan	√	√	√	√	4
Mr. M. Chibesakunda	√	√	√	√	4
Mr. M. O'Donnell	x	√	√	√	3
Mr. A. Khalifa	√	√	√	√	4
Dr. F. Munthali	√	√	√	√	4
Mr P. Deleplanque	x	x	x	x	0

√ - Present x - Absent

(ii) Audit and Risk Management Committee

	4/3	3/9	3/11
Mr. M. Chibesakunda	√	√	√
Mr. A. Khalifa	√	√	√
Mr. J. Khan	x	√	√
Mr. M. O'Donnell	√	√	√

√ - Present x - Absent

There was no meeting of the Nominations Committee scheduled during the year.

DIRECTORS' COMPENSATION

The disclosure of Non executive Directors' fees and remuneration is made in Note 21 of the financial Statements. The number of shares held by the Directors have been disclosed in the Report of the Directors.

ORGANIZATIONAL ETHICS AND BUSINESS INTEGRITY

The culture of intergrity is fundamental for our continued success in today's challenging business environment and the Code of Business Conduct among other internal regulations sets the behavioral standards for the Company in line with Company policies, relevant laws and regulations to enforce ethical behaviors among employees.

The Company has adopted a code of conduct formulated by the Group and LuSE. Lafarge Zambia Plc has a firm approach in dealing with any inappropriate or fraudulent behaviour of management or staff, suppliers or customers.

MANAGEMENT REPORTING

In 2020, the Company continued with and improved upon the management procedures that were established in the preceeding years including 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 AND COMPLIANCE

Lafarge Zambia Plc strives to create an environment where honesty and accountability flourish and Compliance is the central focus. The Compliance Function, which falls under the Legal and Compliance department, promotes a principles-based culture of integrity. While management determines the culture of the organization, the role of the Compliance Function is to assist management to develop compliance-minded employees, promote and foster a foundation of integrity in its business practices.

To achieve the above, the compliance function during the period under review was successful in reaching the goals set out at the beginning of the year 2020 including:

1. The Company achieved high completion rates for all trainings which were conducted on Anti-Bribery and Corruption, Fair Competition, Third Party Due Diligence and Conflict of Interest.
2. The Company achieved high completion rates for all e-learning modules that were launched.
3. The Company was compliant with all the Governance and Compliance minimum control standards.
4. Conflict of interest training.

All these programmes are aimed at ensuring that Lafarge Zambia Plc and Third Parties dealing with it are in compliance with all applicable laws and act with utmost integrity.

CODE OF CONDUCT

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. In addition to employees, all persons, including: service providers, subcontractors, and business partners, are required to act consistently with the Company's Code when acting on behalf of or in Lafarge Zambia Plc's name. In light of this, all of the Company's service providers, subcontractors and business partners are made aware of the Company's commitments to high legal, ethical and moral standards through the Lafarge Code of Business for Suppliers which they are required to adhere to.

The key areas covered 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; and
- Dealing with competitors, suppliers and customers.

INTERNAL AUDITORS

Lafarge Zambia Plc has an independent internal audit function designed to add value to the control environment while rendering independent assurance to the Board on the effectiveness of internal controls over operational and compliance activities, and the adequacy of the governance system.
The Internal Audit Plan is set each year and approved by the Board through the Audit and Risk Committee in line with the internal audit risk assessment and is consistent with the Company's objectives.

EXTERNAL AUDITORS

External auditors are appointed by the shareholders and are subject to re-appointment at the Company's Annual General Meeting. The Company periodically rotates external auditors to ensure independence of the auditors is sustained. The current auditors are Deloitte & Touche. External Audits 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 the LafargeHolcim Group 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 SIX Swiss Exchange in Zurich and Euronext in Paris. The Company's ultimate holding Company, LafargeHolcim, is a foreign entity which is listed on the SIX Swiss Exchange in Zurich and Euronext in Paris. The Group is required to comply with both the Swiss and 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 county/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, and
- 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. The Internal Auditor ensures that Lafarge Zambia Plc complies with these procedures consistently.

Heroes Stadium, Lusaka

STATEMENT ON RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

The Companies Act No.10 of 2017 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its financial performance. It also requires the Directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company. The Directors are further required to ensure the Company adheres to the corporate governance principles or practices contained in Part VII's Sections 82 to 122 of the Companies Act No.10 of 2017.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies Act No.10 of 2017.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, and for such internal controls as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error. In addition, the Directors are responsible for preparing the Directors report.

The Directors are of the opinion that the financial statements set out on pages 62-93 give a true and fair view of the state of the financial affairs of the Company and of its financial performance in accordance with International Financial Reporting Standards and the Companies Act No.10 of 2017. The Directors further report that they have implemented and further adhered to the corporate governance principles or practices contained in Part VII, Sections 82 to 122 of the Companies Act No.10 of 2017.

The Directors have made an assessment of the ability of the Company to continue as a going concern and have no reason to believe that the business will not be a going concern for at least twelve (12) months from the date of this statement.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial framework described above.

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements of Lafarge Zambia Plc, set out on pages 62-93 were prepared by the Chief Financial Officer and the Finance Manager, both qualified Chartered Accountants, under the supervision of the Audit Committee and were approved by the Board of Directors on 31 March 2021 and signed on its behalf by:

M. HANTUBA	**J. KHAN**
Director	**Director**

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LAFARGE ZAMBIA PLC

OPINION

We have audited the financial statements of Lafarge Zambia Plc ("the Company"), set out on pages 62-93 which comprise the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 financial statements give a true and fair view of the financial position of Lafarge Zambia Plc, as at 31 December 2020, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS"), and in the manner required by the Companies Act, 2017 and the Securities Act of Zambia.

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 Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Zambia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. 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 OUR AUDIT
Equity investment in Mbeya Cement Company Limited The Company owns 14% of the issued ordinary equity capital of Mbeya Cement Company Limited, a related Company incorporated and operating in Tanzania, which is currently recorded at **K26 million.** The Company has designated the investment in Mbeya Cement Company Limited as at fair value through statement of profit or loss upon initial recognition. This financial asset is designated upon initial recognition on the basis that it is part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Company. The Company used a discounted free cash flow (DCF) valuation methodology to determine the fair value of the investment of Mbeya Cement Company Limited. DCF method involves forecasting free cash flows (FCF) that will accrue to shareholders and discounting them at an appropriate discount factor. Refer to note 18. We considered this as a key audit matter as the fair value determination is subject to estimation uncertainty, as it is dependent upon the cash flow forecasts and discount rate.	We performed the following procedures to assess the appropriateness of the valuation: • Evaluated the appropriateness of the discounted free cash flow (DCF) valuation methodology to determine the fair value of the equity investment; • Reviewed the reasonableness of the cash flow forecasts by comparing budget to actual balances over the past 3 years. We also reviewed prior year growth rates and compared to projections made; • Reviewed overall economic and business environment of Tanzania and company performance in the current year to support the cash flow forecasts; • Engaged valuation experts to review the reasonableness of the discount rate used; and • All inputs of estimation used in the determination of the discount rate was independently verified with reliable third party sources. We determined that the fair value recorded by the Company is appropriate.

INVENTORY PROVISIONING

'The Company's recorded inventory provision at the end of the year is **K39.82 million**, a significant increase from the previously recorded **K2.6 million** in 2019. Further audit procedures revealed that the reasons for this increase was the revision by the Company of the basis of accounting estimation for inventory provision, to realign the Company policy to Group policy.

Due to the significance of this recorded inventory provision and the change in the basis of provisioning, we considered inventory provisioning as a key audit matter.

HOW THE MATTER WAS ADDRESSED IN OUR AUDIT

We performed the following audit procedures:

- Held discussions with local management, group management and group audit teams to understand the basis of the new methodology applied by the Company;
- Discussed the timings of when the policy was available for application by the Company;
- Reconciled the inventory listings to the General Ledger and Trial Balance;
- Held discussions with the key management personnel to get an understanding of the details included in the new model applied;
- Reviewed and addressed the consistency of major assumptions used to develop the accounting estimate;
- Compared actual historical experience to models/ methods employed in such calculations. We corroborated this with our understanding of the business and industry;
- Held discussions with local plant operators to obtain an understanding on how this new model is appropriate for the local entity;
- Discussed with Group engagement team on any challenges faced across other components that have been applying this method;
- Reviewed and assessed the adequacy of provisions by checking the inventory ageing and confirmation of the accuracy and completeness of the schedule; and
- Recalculated the ageing based on the new model and applied the rates for which we compared to the provision as per management."

We determined that the provision recorded by the Company is appropriate and in line with the new model of provisioning.

However, on the accounting part, our procedures revealed that the basis of estimation was available for implementation from the prior year 2019.

We concur with management that this failure to apply the revised basis in 2019 was an omission which necessitated the restatement of the prior year inventory provision recorded balance.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The Directors are responsible for the other information. The other information comprises the Directors' Report, as required by the Companies Act, 2017 and the Securities Act of Zambia, which we obtained prior to the date of this auditor's report, the statement on corporate governance, the statement of responsibility for annual financial statements and the five year financial record shown in the appendix. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance or 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 on the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation and fair presentation of the financial statements which give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2017 and the Securities Act of Zambia, and for such internal control as the Directors determine is necessary to enable the preparation of the 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.

AUDITORS' 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional 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.
- 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 the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with the Directors, 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

The Companies Act, 2017 of Zambia

Sections 250 (2) and 259 (3) of the Companies Act, 2017 require that in carrying out our audit, we consider and report on whether:

- There is a relationship, interest or debt which we as the Company's auditors have in Lafarge Zambia Plc;
- There are serious breaches by the Company's Directors of the corporate governance principles or practices contained in Part VII sections 82 to 112 of the Companies Act, 2017; and

- There is an omission in the financial statements as regard particulars of loans made to a Company officer (a director, Company secretary or executive officer of a Company) during the year, and if reasonably possible, disclose such information in our opinion.

In respect of the foregoing requirements, we have no matters to report.

However, in accordance with Section 106 (d) of the Companies Act 2017, we report that the Company has not fully complied with the requirements regarding disclosure of Director's remuneration.

THE SECURITIES ACT, 2016 OF ZAMBIA

Part III, Rule 18 of the Securities (accounting and financial reporting requirements) Rules of the Securities Act, 2016 of Zambia, require that in carrying out our audit of Lafarge Zambia Plc we report on whether:

- The annual financial statements of the Company have been properly prepared in accordance with Securities and Exchange Commission rules;
- The Company has, throughout the financial year, kept proper accounting records in accordance with the requirements of Securities and Exchange Commission rules;
- The statement of financial position and statement of comprehensive income are in agreement with the Company's accounting records; and
- We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

In respect of the foregoing requirements, we have no matters to report.

Deloitte & Touche

DELOITTE & TOUCHE
Chartered Accountants

ALICE JERE TEMBO
Audit Partner
PC NO: AUD/F000433

Date: 8 April 2021

LAFARGE ZAMBIA PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTES	2020 K'000	2019 K'000 Restated
Revenue	5	**1 693 146**	1 110 153
Cost of sales	19.1	**(849 583)**	(728 309)
Gross profit		**843 563**	381 844
Selling and distribution expenses		**(356 127)**	(235 577)
Marketing expenses		**(2 785)**	(8 848)
Administration expenses	6	**(214 881)**	(184 387)
Operating profit (loss)		**269 770**	(46 968)
Investment income		**790**	874
Other gains and losses	7	**72 909**	980
Finance costs	9	**(1 412)**	(11 131)
Profit (loss) before tax	11	**342 057**	(56 245)
Income tax credit	12	**20 978**	17 563
Profit (loss) for the year		**363 035**	(38 682)
Other comprehensive income		**-**	-
Total comprehensive income (loss) for the year		**363 035**	(38 682)
Basic and diluted earnings (loss) per share (from normal results for the year) (Kwacha)	13	**1.81**	(0.19)

LAFARGE ZAMBIA PLC

STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2020

		2020	2019
ASSETS	**NOTES**	**K'000**	K'000
Non-current assets			Restated
Property, plant and equipment	14	**1 415 894**	1 467 631
Right of Use Assets	16	**4 518**	6 939
Intangible assets	17	**401**	439
Equity investment at fair value	18	**26 221**	25 266
Total non current assets		**1 447 034**	1 500 275
Current assets			
Inventories	19	**152 000**	156 550
Trade receivables	20.1	**59 601**	73 861
Other receivables	20.2	**97 112**	144 945
Amounts due from related companies	21	**123 608**	61 380
Bank and cash balances	22	**283 140**	76 081
Current tax asset	12	**144 801**	116 220
Total current assets		**860 262**	629 037
Total assets		**2 307 296**	2 129 312
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	23.1	**10 002**	10 002
Revaluation reserve	23.2	**453 238**	464 495
Retained earnings	23.3	**1 173 636**	1 093 342
Total equity		**1 636 876**	1 567 839
Non-current liabilities			
Provision for environmental liabilities	24	**27 899**	24 917
Lease liabilities	26	**3 301**	4 816
Deferred tax liabilities	27	**212 005**	212 116
Total non-current liabilities		**243 205**	241 849
Current liabilities			
Trade payables	28.1	**78 646**	91 830
Other payables	28.2	**345 031**	168 285
Retirement benefit plans	25	**242**	52
Lease liabilities	26	**2 052**	2 472
Amounts due to related companies	21	**1 244**	56 985
Total current liabilities		**427 215**	319 624
Total liabilities		**670 420**	561 473
Total equity and liabilities		**2 307 296**	2 129 312

The responsibilities of the Company's Directors with regard to the preparation of the financial statements are set out on page 57. The financial statements on pages 62-93 were approved for issue by the Board of Directors on 31 March 2021 and were signed on its behalf by:

M. HANTUBA
Director

J. KHAN
Director

LAFARGE ZAMBIA PLC

STATEMENT OF CHANGES IN EQUITY

AT 31 DECEMBER 2020

	Share capital K'000	Revaluation reserve K'000	Retained earnings K'000	Total K'000
Balance at 1 January 2019	**10 002**	**479 363**	**1 159 160**	**1 648 525**
Loss for the year	-	-	(12 339)	(12 339)
Deferred tax on revaluation	-	8 006	-	8 006
Final dividend in respect of 2018	-	-	(50 010)	(50 010)
Amortisation of revaluation reserve	-	(22 874)	22 874	-
Balance at 31 December 2019 as previously stated	**10 002**	**464 495**	**1 119 685**	**1 594 182**
Income tax credit prior year adjustment (Note 19.1)	-	-	475	475
Deferred tax liability prior year adjustment (19.1)	-	-	5 437	5 437
Inventory provision prior year adjustment (note 19.1)	-	-	(32 255)	(32 255)
Balance as at 31 December 2019 as restated*	**10 002**	**464 495**	**1 093 342**	**1 567 839**
Balance at 1 January 2020 as restated*	**10 002**	**464 495**	**1 093 342**	**1 567 839**
Profit for the year	-	-	363 035	363 035
Deferred tax on revaluation	-	6 062	-	6 062
Interim dividend in respect of 2020	-	-	(300 060)	(300 060)
Amortisation of revaluation reserve	-	(17 319)	17 319	-
Balance at 31 December 2020	**10 002**	**453 238**	**1 173 636**	**1 636 876**

*This relates to prior year adjustment on inventory provision. Refer to note 19.1

LAFARGE ZAMBIA PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTES	2020 K'000	2019 K'000 Restated
Profit (loss) before tax		**342 057**	(23 990)
Prior year adjustment (Note 19.1)	19.1	**-**	(32 255)
Revised profit (loss) before tax		**342 057**	(56 245)
Adjustments for:			
Gain on disposal of property, plant and equipment	7	**-**	(224)
Fair value gain on equity investment	7	**(955)**	-
Finance costs	9	**1 412**	11 131
Interest income	11	**(790)**	(874)
Impairment and other adjustments of tangible assets (net)	14	**39 313**	25 248
Inventory obsolescence	19	**4 917**	30 967
Impairment of trade receivables	20.1	**4 641**	5 533
Bad debts write off	20.1	**(3 604)**	-
Increase in provision for environmental rehabilitation	24	**2 982**	2 381
Provision for retirement benefit plans	25	**406**	243
Depreciation and amortisation of non-current assets	14	**61 139**	63 979
Amortisation of intangible assets		**38**	38
Amortisation of right of use assets	16	**1 529**	1 072
Unrealised exchange gains		**(71 710)**	(8 798)
Net cash flows from operating activities before movements in working capital		**381 375**	74 451
Movements in working capital:			
(Increase) decrease in inventories		**(367)**	20 073
Decrease in trade receivables		**13 223**	46 938
Decrease (increase) in other receivables		**47 833**	(45 695)
Increase in amounts due from related companies		**(62 228)**	(39 863)
(Decrease) increase in trade payables		**(13 184)**	6 333
Increase in other payables		**176 746**	30 673
(Decrease) increase in amounts due to related companies		**(55 741)**	36 389
Cash generated from operations		**487 657**	129 299
Income taxes paid	12	**(1 652)**	(16 905)
Retirement benefits paid	25	**(216)**	(273)
Finance costs		**(1 412)**	(11 131)
Net cash generated by operating activities		**484 377**	100 990
Cash flow from investing activities			
Interest income		**790**	874
Purchase of property, plant and equipment	14	**(48 715)**	(57 007)
Proceeds from disposal of property, plant and equipment		**-**	791
Net cash used in investing activities		**(47 925)**	(55 342)
Cash flow from financing activities			
Principal lease liabilities repayments	26	**(1 043)**	(518)
Dividend paid to owners of the Company		**(300 060)**	(50 010)
Net cash used in financing activities		**(301 103)**	(50 528)
Net increase (decrease) in cash and cash equivalents		**135 349**	(4 880)
Cash and cash equivalents at beginning of the year		**76 081**	72 163
Effect of foreign exchange rate changes		**71 710**	8 798
Cash and cash equivalents at end of the year		**283 140**	76 081
Represented by:			
Comprising:			
Bank and cash balances	22	**283 140**	76 081

LAFARGE ZAMBIA PLC
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION
Lafarge Zambia Plc (the "Company") is a Company incorporated in the Republic of Zambia and is listed on the Lusaka Stock Exchange. The principal activity of the Company is the manufacture and sale of cement. The registered address of Lafarge Zambia Plc is Stand 1880 Kafue Road Chilanga, Lusaka Zambia.

2. ADOPTION OF NEW AND REVISED STANDARDS
2.1 New and amended Standards that are effective for the current year
2.1.1 Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16
In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of Covid-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID- 19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the Covid-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of Covid-19 and only if all of the following conditions are met:

a. The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
b. Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
c. There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Company has not been impacted by the amendment to IFRS 16 (as issued by the IASB in May 2020) in advance of its effective date.

In the current year, the Company has applied the below amendments to IFRS Standards and Interpretations issued by the Board that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to References to the Conceptual Framework in IFRS Standards
The Company has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

Amendments to IAS 1 and IAS 8 Definition of material
The Company has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

2.1.2 New and revised Standards in issue but not yet effective
At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

IFRS 10 and IAS 28 (amendments)
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Amendments to IAS 1
Classification of Liabilities as Current or Non-current

Amendments to IFRS 3
Reference to the Conceptual Framework

Amendments to IAS 16
Property, Plant and Equipment—Proceeds before Intended Use

Amendments to IAS 37
Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to IFRS Standards 2018-2020 Cycle
Amendments to IFRS 1 First-time Adoption of International Financial ReportingStandards, IFRS 9 Financial Instruments and IFRS 16 Leases.

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods, except as noted below:

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current
The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.
The amendments clarify that the classification of liabilities as

current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an Company also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies are set out below:

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

a. Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board("IASB"

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values

3.1 Revenue

3.1.1 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods provided in the normal course of business, net of discounts and value added tax, during the year.

Revenue from the sale of goods is recognized upon transfer of control of promised goods or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

The Company derives its revenues primarily from manufacture and sale of cement and aggregates products.

3.1.2 Dividend income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be reliably measured).

3.1.3 Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of revenue 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.

3.2 Leases

i. Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

For new lease contracts, the Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee in the statement of financial position. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments), variable lease payments that are based on consumer price index ('CPI'), the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Subsequently, the lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments including due to changes in CPI or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or when the lease contract is modified and the lease modification is not accounted for as a separate lease. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the related right-of-use asset has been reduced to zero.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs, and restoration costs.

Subsequent to initial recognition, right-of-use asset are stated at cost less accumulated depreciation and any impairment losses and adjusted for certain remeasurements of the lease liability. Depreciation is computed using the straight-line method from the commencement date to the end of the useful life of the underlying asset or the end of the lease term, whichever is shorter. The estimated useful lives of right-of-use assets are determined on the same basis as those of the underlying property and equipment.

In the statement of financial position, the right-of-use assets and lease liabilities are presented separately.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Administration expenses" in statement of profit or loss.

For a contracts that contain a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short term leases of machinery that have a lease term of 12 months or less and leases of low value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.3 Foreign currencies

The financial statements of the Company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The results and financial position of the Company are expressed in Zambian kwacha ('K'), which is the functional currency of the Company and the presentation currency for the financial statements.

In preparing the financial statements of the Company transactions in currencies other than the entity's functional currency (foreign currencies) are recognized 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 foreign currency are translated using the exchange rates at the date of the transaction. Differences arising on settlement or translation of foreign denominated monetary assets are recognized in profit or loss.

3.4 Retirement benefit costs

The Company's employees are members of a separately administered defined contribution pension scheme. Payments to the defined contribution retirement benefit plan are recognized as an expense when employees have rendered service entitling them to the contributions. The Company's contributions are charged to profit or loss as they become payable in accordance with the rules of the scheme.

For fixed term contract employees, a gratuity is payable at the end of the contract period and is accrued as a provision and settled at the end of the contracted period. Contract periods range from one to two years.

The Company contributes to the National Pension Authority Scheme (NAPSA) for its eligible employees as provided for by law. Membership is compulsory and monthly contributions by both employer and employees are made. The employer's contribution is charged to profit or loss in the year in which it arises.

3.5 Taxation

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

3.5.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of Profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible another 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.

3.5.2 Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences except to the extent that they arise from:

a. Initial recognition of goodwill; or
b. the initial recognition of an asset or liability in a transaction which:
   i. is not a business combination.
   ii. at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at 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 realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside profit or loss.

3.5.3 Current and deferred tax for the financial 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 profit or loss or directly in equity respectively.

3.6 Property, plant and equipment

Leasehold land and buildings is stated at cost; and plant and equipment 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 the reporting period. The Company prepares a discounted cash flow annually to assess whether the carrying amount is materially different from the fair value. Where the difference of the carrying value and the fair value is not material the Company does not affect an adjustment to the carrying value.

Any revaluation increase arising on the revaluation of plant and equipment, and leasehold land and buildings is recognized in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognized 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 from the revaluation of such plant and equipment, and land and buildings, is recognized in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous evaluation of that asset.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.
Vehicles, furniture and fittings are stated at cost less accumulated depreciation and accumulated impairment losses.

On the subsequent sale or retirement of revalued leasehold land and buildings, and plant and equipment, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings. A transfer is made from revaluation reserve to retained earnings when the asset is derecognized and as the asset is used by the entity based on the difference between depreciation based on the revalued carrying amount and the depreciation based on the asset's original cost.

Properties in the course of construction for production, supply or administrative purposes, are carried at cost less unrecognized impairment loss. Cost includes professional fees and other directly attributable costs to bring it to its present location and use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost or valuation of assets (other than properties under construction) 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 each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and misrecognized in profit or loss. Further, the useful lives are reviewed on an annual basis. The rates of depreciation used are based on the useful lives as follows:

	Average Useful Life in Years
Other machines	10 – 20 years
Heavy machines and installations	20 – 30 years
Building and installations	30 – 35 years
Land and mineral reserves	Non Depreciable

3.7 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization 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. The useful lives of the intangibles are between 10 to 25 years.

3.8 Impairment of non financial assets, property plant and equipment, right of use assets and intangible assets

At the end of each reporting period the Company reviews the carrying amounts of its non financial assets, property plant and equipment, right of use assets and intangible assets to determine whether there is any indication that those assets have suffered an impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment (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.

The recoverable amount is the higher of fair value less costs of disposal 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. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

An impairment is recognized immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the impairment is treated as a revaluation decrease. Where an impairment subsequently reverses, the carrying amount of the asset (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 been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment is recognized immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a revaluation increase.

3.9 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average method and includes direct material cost and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale. The Company has reviewed its inventories in light of the Covid-19 situation and has not identified material impairment losses on inventories in the reporting period as the Company believes it will consume its inventories on a short-term basis.

3.10 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, and 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 recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where 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.

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

3.11 Environmental liability

Provision is made for costs associated with the restoration and rehabilitation of quarry sites as soon as the obligation to incur such costs arises. Such restoration and closure costs are typical of the extractive industry and are normally accrued to reflect the Company's obligations at that time.

The costs are estimated on the basis of quarry closure plans and the estimated costs of dismantling and removing these facilities and the costs of restoration are capitalised when incurred reflecting the Company's obligations at that time. A corresponding provision is created on the liability side. The capitalised asset is charged to the profit or loss over the life of the asset through depreciation over the life of the operation. Management estimates are based on local legislation and the work of an independent expert. The actual costs and cash outflows may differ from estimates because of changes in laws and regulations, changes in prices, analysis of site conditions and changes in restoration technology.

Additional disturbances that arise due to further development/ construction at the quarry are recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur.

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 adjustment to the asset to which it relates, if the initial estimate was originally recognised as part of an asset measured in accordance with IAS 16. If the related asset is measured using the revaluation model, a decrease in the liability shall be recognised in other comprehensive income and an increase in the liability shall be recognised in profit or loss, except that it shall be recognised in other comprehensive income.

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.

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 Company is required to make contributions to the government for future rehabilitation work relating to its production activities. The contributions are based on an environmental assessment that is performed by environmental auditors. The Company records a liability for the future contributions to be made to the government based on the environmental disturbances incurred to date per the environmental auditor's assessment with a corresponding charge to profit or loss.

The Company's production methods are mainly surface mining and the environmental disturbances predominantly relate to production of inventory. The contributions to the government are paid over a period of time and if the effect of the time value of money is material, the liability is discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the liability due to the passage of time is recognized in profit or loss. The liability recorded is reduced by the actual payments made to the government. Once the Company has made the contributions, it no longer has the obligation to perform the rehabilitation work.

3.12 Financial instruments

3.12.1 Initial recognition and measurement

Financial instruments within the scope of IFRS 9 Financial Instruments: 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.

- 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.
- 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 Directors of the Company have assessed the impact of this standard on the operations of the Company. This standard does not have a material impact on how the Company recognises its provisions for doubtful debts and how it classifies its financial assets and financial liabilities.

3.12.2 Investments at fair value through profit and loss

The Company has designated an investment held in an associate Company as at fair value through profit or loss upon initial recognition. This financial asset is designated upon initial recognition on the basis that it is part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Company.

The investment is recognized at fair value through profit and loss and is recorded in the Statement of Financial Position at fair value. Subsequent changes in the fair value of this financial instrument are recorded in net gain or loss on investment at fair value through profit or loss. Dividends earned on this investment are recorded separately as dividend revenue.

3.12.3 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 assets are subsequently carried at amortised cost using the effective interest method. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process. Loans and receivables are included in current assets if they are expected to mature within 12 months of the reporting date. The Company's loans and receivables comprise cash and bank balances, trade and other receivables and amounts due from related companies.

3.12.4. Cash and cash equivalents
For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and deposits in banks, net of outstanding bank overdrafts.

All bank balances are assessed to have low credit risk at reporting date as they are held with reputable international banking institutions.

3.12.5 Loans and borrowings
Loans and borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. Subsequently, interest-bearing loans and borrowings are measured at amortized cost using the effective interest method. The Company's loans and borrowings comprise trade and other payables and amounts due to related companies.

3.12.6 De-recognition of financial assets and liabilities
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

3.12.7 Impairment of financial assets
The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired based on the expected credit loss model. The Company has elected to use the provision matrix approach in arriving at the impairment of Trade receivables.

The Company has reviewed the expected credit losses and changes in those expected credit losses at reporting date to reflect changes in credit risk since initial recognition of the financial asset. In arriving at this assessment the Directors of the Company have taken into consideration the business model and economic conditions in which these assets are held.

3.13 Fair value measurement
The Company measures non-financial assets such as property, plant and equipment and financial assets such as investments in equities at fair value at reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

3.14 Value Added Tax
Expenses and assets are recognized net of the amount of value-added tax, except:

- When the value added tax incurred on a purchase of assessor services is not recoverable from the taxation authority, in which case, the value added tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of value added tax included. The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3.15 Current versus non-current classification
The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle,
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being

exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current . Deferred tax assets and liabilities are classified as non-current assets and liabilities.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

4.1 Critical judgment in applying accounting policies

In the application of the Company's accounting policies, which are described in note 3, the directors are required to make judgments, 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.

4.2 Key sources of estimation uncertain dty

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 material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.2.1 Estimates of asset lives, residual values and depreciation methods

Property, plant and equipment are depreciated over their useful lives taking into account residual values. Useful lives and residual values are assessed annually. Useful lives are affected by maintenance programs and future productivity. Future market conditions determine the residual values. Depreciations calculated on a straight-line basis which may not represent the actual usage of the asset. Refer Note 14 for the carrying amount of property, plant and equipment.

4.2.2 Fixed assets impairment review

Impairment tests on property, plant and equipment are only done if there is an impairment indicator. Future cash flows are based on management's estimate of future market conditions.

These cash flows are then discounted and compared to the current carrying value, and, if lower, the assets are impaired to the present value of the cash flows. Impairment tests are based on information available at the time of testing. These conditions may change after year-end.

4.2.3 Receivables provision

Trade receivables are non-interest bearing and are generally on 30 to 60 days payment periods. The Company measures the loss on trade receivables at an amount equal to lifetime Expected Credit Loss which is estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Trade receivables above 90 days are provided for based on estimated irrecoverable amounts from the sale of cement, determined by reference to past default experience. The Company has considered the impact of Covid-19 pandemic on the expected credit loss of trade receivables. The amount and timing of the expected credit losses, as well as the probability assigned thereto, has been based on the available information at the end of December 2020.

4.2.4 Income taxes

The Company is subject to income taxes in the Republic of Zambia. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact on the income tax and deferred tax provisions in the period in which such determination is made. Refer note 12 and note 27 for the income tax balances.

4.2.5 Fair value of financial instruments

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligation

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 60 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

a. The financial instrument has a low risk of default,
b. The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
c. The Debtor has provided collateral against the debt.

(ii) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company.

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a. significant financial difficulty of the debtor;
b. it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or

(iv) Write-off policy

The Company write off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, there are court proceedings over the debt or when it becomes evident that the customer is not going to pay for other reasons.

(v) Measurement and recognition of expected credit losses

Trade receivables 90 days past due are provided for based on estimated irrecoverable amounts from the sale of cement and aggregates, determined by reference to past default experience and taking into account other forecast economic conditions. In determining the recoverability of the trade receivables the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments 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.

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.

The Company does not have equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses' line item in profit or loss.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

When the fair value of financial assets and financial liabilities recorded in the statement of financial position cannot be derived from active markets, their fair value is determined using valuation techniques including the gross replacement cost, DCF and the EBITDA multiple model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer note 30 for the carrying amount of financial assets at fair value through profit or loss and the assumptions and estimates used to determine the fair value.

4.2.6 Revaluation of plant and equipment

The Company carries its plant and equipment at fair value, with changes in fair value being recognized in other comprehensive income. A valuation methodology based on a gross replacement cost model was used for the period ended 31 December 2016. The gross replacement cost was used to determine the open market value in accordance with the International Valuation Standards note 3 – Valuation of Plant and Machinery. The gross replacement method is defined as the estimated cost of acquiring a new or modern substitute asset having the same productive capacity as the existing asset, together with the associated expenses directly related to installation of the asset.

4.2.7 Provision for environmental costs
As part of the identification and measurement of assets and liabilities, the Company has recognized a provision for environmental obligations associated with the plant. In determining the carrying value of the provision, assumptions and estimates are made in relation to revision of discount rates, updated environmental cost estimates, changes to lives of operations, new disturbances and the expected timing of those costs. Refer note 24 for the carrying amount of provision for environmental costs.

4.2.8 Provision for obsolete inventory
The Company reviews its inventory to assess loss on account of obsolescence on a regular basis. In determining whether provision for obsolescence should be recorded in profit or loss, the Company makes judgements as to whether there is any observable data indicating that there is any future saleability of the product and the net realizable value for such product. Accordingly, provision for obsolescence is made where the net realizable value is less than cost based on best estimates by the management, ageing of inventories and historical movement of the inventory.

4.2.9 Valuation of investment in Mbeya Cement Company Limited
The Company has designated the investment in Mbeya Cement Company Limited as at fair value through statement of profit or loss upon initial recognition. This financial asset is designated upon initial recognition on the basis that it is part of a group of financial assets which are managed and have their performance evaluated on a fair value basis, in accordance with risk management and investment strategies of the Company.

4.3 Impact of Covid-19 Virus
Due to the Covid-19 crisis, the local market conditions were disrupted and impacted by various factors beyond the Company's control, including a prolonged spread of the pandemic, government measures affecting the Company's operations and customers' behaviours. These factors led to a high degree of uncertainty on the estimates and assumptions concerning the future that were considered in multiple scenarios which are believed to be reasonable, supportable and realistic under the circumstances. The estimates and assumptions, notably those relating to assets, inventory valuation and expected credit loss of trade receivables have been based on the available information at the end of December 2020.

While risks and uncertainties that may have a significant impact as described in the half year results 2020 remain valid, the Covid-19 pandemic may present new challenges to Lafarge's business. In order to face the current crisis, the Lafargeholcim Group has already implemented its action plan health, cost & Cash which aims to protect the health of its employees, customers, suppliers and other stakeholders while limiting the impact on profitability. Mitigating measures have been implemented to enhance the preparedness of the Company and Group including close monitoring of all markets according to the evolving situation and to the guidance provided by the local authorities, tight grip on cash and cost according to any potential volume decrease, proactive supply chain management and protection of long-term relationships with the Company's partners and communities.

5. REVENUE

	2020	2019
	K'000	K'000
Cement and clinker:		
Local sales	**766 949**	585 988
Export sales	**925 410**	513 614
Aggregates local (note 15)	**787**	10 551
	1 693 146	1 110 153

The Company has a single reportable segment. The operations of the Company are located in only one geographic location, Zambia.

6. ADMINISTRATION EXPENSES

	2020	2019
	K'000	K'000
Other expenses	**68 596**	47 981
Staff costs (note 11)	**65 241**	60 112
Net asset adjustments (note 14)	**39 313**	25 248
Management fees	**38 809**	47 793
Depreciation and amortisation (note 11)	**2 922**	3 253
	214 881	184 387

7. OTHER GAINS AND LOSSES

	2020	2019
	K'000	K'000
Other gains and losses comprise the following:		
Net exchange gains (note 8)	**71 954**	756
Fair value gain on equity investment	**955**	-
Gain on disposal of property, plant and equipment	**-**	224
	72 909	980

8. NET EXCHANGE GAINS

The Zambian Kwacha depreciated against the US Dollar and other major convertible foreign currencies during the year. The impact of the depreciation of the Zambian Kwacha during the year is that the Company recorded exchange gains on its foreign currency denominated monetary assets.

The table below illustrates the movements in the US Dollar exchange rates during the period:

Currency		Mid – market exchange rate as at 1 January	Mid – market exchange rate as at 31 December	Movement during the year
US Dollar (1 US$ =)	**2020**	**K14.02**	**K21.01**	**50%**
US Dollar (1 US$ =)	2019	K11.91	K14.02	18%

9. FINANCE COSTS

	2020 K'000	2019 K'000
Finance lease charges	**(1 412)**	(915)
Interest expenses on bank overdraft	**-**	(10 216)
	(1 412)	(11 131)

10. OPERATING LEASE ARRANGEMENTS

In Zambia, the title of ownership or all lease hold land is held by the State. The Company therefore makes use of the land on a 99 year non-cancellable lease.

11. PROFIT (LOSS) BEFORE TAX

	2020 K'000	2019 K'000
Profit (loss) before tax is stated after crediting:		
Fair value gain on equity investment	**955**	-
Interest income	**790**	874
Gain on disposal of property, plant and equipment	**-**	224
and after charging:		
Staff costs (i)	**161 441**	153 187
Depreciation and amortisation (ii)	**62 706**	65 090
Adjustments to property, plant and equipment	**39 313**	25 248
Management and technical services expenses	**38 809**	47 793
Pension schemes– defined contribution plans	**8 241**	8 501
Directors remuneration - for service as Directors	**1 326**	909
Donations	**876**	389
(i) Staff costs allocation		
Cost of sales	**96 200**	93 075
Administration expenses	**65 241**	60 112
	161 441	153 187
(ii) Depreciation and amortisation		
Cost of sales	**59 784**	61 837
Administration expenses	**2 922**	3 253
	62 706	65 090

12. INCOME TAX CREDIT

	2020	2019
	K'000	K'000
		Restated
Current tax	(81 498)	(22 002)
Prior year tax over paid (Note 29)	108 427	-
Prior year adjustment (Note 19.1)	-	5 437
Deferred tax (note 27)	(5 951)	34 128
Tax credit for the year	20 978	17 563

Income tax is calculated at 35% on domestic income and 15% on export income for the estimated assessable profit for the year. The movements during the year on the income tax account are as follows:

Included under current assets:

	2020	2019
Arising during the year	(81 498)	(22 002)
Overpaid corporate tax in prior years recovered through offsets (Note 29)	108 427	-
Recoverable in respect of prior year (Note 29)	116 220	121 317
Tax paid during the year	1 652	16 905
Balance at end of the year included in current assets	144 801	116 220

The make up of the recoverable balance at the end of the year, is made up as follows:

	2020	2019
Balance from previous years unclaimed incentives	74 642	74 642
Balance from previous years on normal operations	70 159	41 578
	144 801	116 220

The total charge for the year can be reconciled to the accounting profit as follows:

	2020	2019
Profit (loss) before tax	342 057	(56 245)
Tax on accounting profit (loss) at 35%	(119 720)	19 686
Accounting profit taxed at different rate	36 888	(2 215)
Prior year adjustment (Note 27)	-	(5 437)
Overpaid corporate tax in prior years	108 427	5 469
Disallowed expenses	(4 617)	60
Tax credit for the year	20 978	17 563
Standard rate	35%	35%
Accounting profit taxed at different rate	(9%)	(9%)
Under or over provisions from prior years	(2%)	10%
Effective tax rate after the tax credit from prior years	24%	36%

13. EARNINGS (LOSS) PER SHARE

	2020	2019
Basic and diluted earnings (restated loss) per share from normal Company results for the year (Kwacha)	1.81	(0.19)

Earnings (loss) per share is based on profit after taxation of **K363,035 thousand** (2019: Loss of K38,682 thousand restated), divided by the number of ordinary shares in issue during the year of 200,039,904 (2019: 200,039,904).

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties	Plant and equipment	Furniture and fittings	Capital work in progress	Total
	K'000	K'000	K'000	K'000	K'000
Cost or valuation					
At 1 January 2019	111 900	1 716 585	73 890	73 951	1 976 326
Additions	-	-	-	57 007	57 007
Transfer of projects	(838)	19 570	-	(18 732)	-
Disposals	-	-	(3 761)	-	(3 761)
Adjustment	-	(273)	67	-	(206)
Asset impairments and other adjustments	(3 891)	(56 484)	(12 665)	(107)	(73 147)
At 31 December 2019	**107 171**	**1 679 398**	**57 531**	**112 119**	**1 956 219**
Additions	-	-	-	48 715	48 715
Transfer of projects	4 058	37 573	2 084	(43 715)	-
Impairment of Aggregates business assets (see note 15)	(1 636)	(43 717)	-	(3 126)	(48 479)
At 31 December 2020	**109 593**	**1 673 254**	**59 615**	**113 993**	**1 956 455**
Accumulated depreciation					
At 1 January 2019	21 365	394 587	58 699	1 052	475 703
Depreciation expense	3 924	55 913	4 142	-	63 979
Eliminated on disposal	-	-	(3 195)	-	(3 195)
Asset impairments and other adjustments	(744)	(28 486)	(18 669)	-	(47 899)
At 31 December 2019	24 545	422 014	40 977	1 052	488 588
Depreciation expense	3 787	54 430	2 922		61 139
Aggregates business assets impaired (see note 15)	(352)	(8 814)	-	-	(9 166)
At 31 December 2020	**27 980**	**467 630**	**43 899**	**1 052**	**540 561**
Carrying value					
At 31 December 2020	**81 613**	**1 205 624**	**15 716**	**112 941**	**1 415 894**
At 31 December 2019	82 626	1 257 384	16 554	111 067	1 467 631

Had the property, plant and equipment been measured on a historical cost basis their carrying amount would have been as follows:

				2020	2019
				K'000	K'000
Cost	79 071	868 348	69 743	**1 017 162**	1 017 162
Accumulated depreciation	(28 768)	(250 007)	(68 281)	**(347 056)**	(286 916)
	50 303	618 341	1 462	**670 106**	730 246

In accordance with Section 278 of the Companies Act, 2017, the Register of Land and Buildings is available for inspection by members and their duly authorised agents at the Registered Records Office of the Company.

As at 31 December 2020, the Directors have reviewed the balances as reflected in the statement of financial position and are of the considered view that the amounts reflect the fair value of the assets as at the reporting date.

Details of the Company's property, plant and equipment and information about their fair value hierarchy as at 31 December 2020 and 31 December 2019 are as follows:

At 31 December 2020	**Level 1**	**Level 2**	**Level 3**	**Fair Value as at 31-Dec-20**
	K'000	**K'000**	**K'000**	**K'000**
Leasehold properties	-	-	81 613	81 613
Plant and equipment	-	-	1 205 624	1 205 624
Furniture and fittings	-	-	15 716	15 716
	-	-	1 302 953	1 302 953

At 31 December 2019	Level 1	Level 2	Level 3	Fair Value as at 31-Dec-19
	K'000	K'000	K'000	K'000
Leasehold properties	-	-	82 626	82 626
Plant and equipment	-	-	1 257 384	1 257 384
Furniture and fittings	-	-	16 554	16 554
	-	-	1 356 564	1 356 564

15. DISCONTINUED OPERATION (AGGREGATES BUSINESS)

During the current year, a decision to discontinue the Aggregates section of the business due to the plant being loss making in the past. The losses incurred by the Aggregates section had continued to increase over time on account of increased load shedding, increase in fuel prices and depreciation of the Zambian Kwacha. The business was situated in Mapepe area of Chilanga district. During the year, the revenues amounted to **K787 thousand** (2019:K10,551 thousand) with related business expenses of **K1,899 thousand** (2019: K20,385 thousand) and loss of **K1,113 thousand.** The tax impact of this write off is **K13,760 thousand.** On average, the Aggregates business income formed 0.95% of the Company's total revenue and hence the Directors considered this to be insignificant to the business as a whole.

Due to this decision to discontinue, the related property plant and equipment have been impaired amounting to **K39,313 thousand**. These assets were acquired specific for the business unit and were rendered unusable upon the decision to discontinue the line of business. The last date of production for the Aggregates plant was 30 March 2020.

16. RIGHT OF USE ASSETS

	Motor vehicles	**Total**
Cost	**K'000**	**K'000**
Balance at beginning of the year	8 011	8 011
Write off*	(1 093)	(1 093)
Balance at 31 December 2020	**6 918**	**6 918**
Accumulated depreciation		
Balance at beginning of the year	1 072	1 072
Depreciation expense	1 529	1 529
Write off*	(201)	(201)
Balance at 31 December 2020	**2 400**	**2 400**
Carrying value		
Balance at 31 December 2020	**4 518**	**4 518**
Balance at 31 December 2019	6 939	6 939

*The write off relates to motor vehicle that was involved in a road traffic accident and subsequently was written off due to extensive damage to the vehicle.

17. INTANGIBLE ASSETS

Mineral rights

The intangible assets relate to mining licenses purchased by the Company for the exploration and extraction of limestone. The licenses are measured initially at original purchase cost and amortized on a straight line basis, from the year of purchase by the Company, over their beneficial lives. The licenses have average useful life of 25 years.

License costs paid in connection with a right to mine for lime and shale in the allocated area are capitalised as an intangible asset and amortised over the term of the license once the legal right to perform mining activities has been acquired, unless the Directors conclude that a future economic benefit is more likely than not to be realised. All other costs which include directly attributable employee remuneration, materials and fuel used, surveying costs, drilling costs and payments made to contractors are capitalised as part of property, plant and equipment.

	2020	2019
	K'000	K'000
Cost		
Balance at beginning and end of the year	**943**	943
Accumulated amortisation and impairment		
Balance at beginning of the year	**504**	466
Amortisation expense	**38**	38
Balance at end of the year	**542**	504
Carrying value at end of the year	**401**	439

The amortisation expense has been included in the line item, administration expenses in the statement of profit or loss.

18. EQUITY INVESTMENT AT FAIR VALUE

	2020	2019
	K'000	K'000
The Company owns 14% of the issued ordinary equity capital of Mbeya Cement Company Limited, a related company incorporated and operating in Tanzania.		
Opening balance	**25 266**	25 266
Fair value adjustment	**955**	-
Closing balance	**26 221**	25 266

The Company used a discounted free cash flow (DCF) valuation methodology to determine the fair value of the investment of Mbeya Cement Company Limited. DCF method involves forecasting free cash flows (FCF) that will accrue to shareholders and discounting them at an appropriate discount factor. FCF is calculated as net income; adjusted for depreciation and amortisation in working capital and capital expenditure. The DCF method therefore relates to the profitability and growth of the business being valued. The Directors of the Company elected to use the DCF method to determine the fair value as it is considered to be the most technically accurate method of valuing of the business and represents management expectations for the future company revenues and profits.

Directors used historical performance, growth rate and projected financials, to derive the future free cash flows. All company-specific information, including but not limited to, historical data - income and expenditure statement, statement of financial position of Mbeya Cement Company Limited, future profitability and cash flow projections and qualitative information on the company, were sourced from the management of the company and independently verified for reasonableness.

The recoverable amount of Mbeya Cement Company Limited as a cash-generating unit is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a seven-year period, and a discount rate of **11.41** per cent per annum (2019: 11.95 per cent per annum).

Cash flows beyond that five-year period have been extrapolated using a steady **11.32 percent** (2019: 11.15 percent) per annum growth rate.

The following table sets out the key assumptions used in determining the value in use:	**2020**	2019
Net sales (% average growth rate)	**11.32**	11.45
EBITDA (% average growth rate)	**14**	13.35
Pre-tax discount rate (%)	**16.30**	17.10

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	**Approach used to determining values**
Sales	Average annual growth rate over the seven-year forecast period; based on past performance and management's expectations of market development.
EBITDA	Based on past performance and management's expectations for the future.
Pre-tax discount rate	Reflects specific risks relating to Tanzania, the country in which Mbeya Cement Company Limited operates in.

Sensitivity analysis
At 31 December 2020, if the Weighted Average Cost of Capital (WACC) would increase or decrease by 0.1% with all other variables held constant, an upward movement would cause a decrease of the value of the equity investment by K3,593 thousand whilst a downward movement would cause an increase of the value of the investment by K3,695 thousand.

19. INVENTORIES

	2020 K'000	2019 K'000 Restated
Finished goods: Cement	**24 447**	18 968
Raw materials and consumables	**15 029**	13 381
Stores and spares	**83 899**	63 236
Gross values	**123 716**	98 136
Prior period inventory provision adjustment (Note 19.1)	**-**	(32 255)
Provision for obsolete stock	**(39 817)**	(2 645)
Processed goods	**28 625**	60 965
	152 000	156 550

The Company expensed in the year inventory amounting to **K290,719 thousand** (2019: K279,536 thousand) for inventories carried at net realisable value. This is recognised in cost of sales.

19.1 Correction of material error in assessment of inventory provision

Provision for Obsolete Stock was incorrectly accounted for in the prior year resulting in an understatement of the provision by **K32,255 thousand** and an overstatement on inventory by the same amount in the year to 31 December 2019. This was caused by a revision in the estimation of obsolescence and slow-moving provision to re-align the Company basis to Group methodology for which information was available for application in 2019. The Financial statements of 2019 have been restated to correct this error. The adjustments have been effected to reserves to correct the error and realign the closing balances for Inventory as below:

(a) Statement of financial position	**31 December 2019 Previously stated K'000**	**Increase (decrease) K'000**	**31 December 2019 (Restated) K'000**
Inventories	188 805	(32 255)	156 550
Deferred tax liability	217 553	(5 437)	212 116
Current tax asset	115 745	475	116 220
Net assets	1 594 182	(26 343)	1 567 839
Retained earnings	1 119 685	(26 343)	1 093 342
Total equity	1 594 182	(26 343)	1 567 839
(b) Statement of cashflows			
Movements in working capital:			
(Increase) decrease in inventories	18 785	(32 255)	51 040

(c) Statement of profit or loss (extract)	**31 December 2019 Previously stated K'000**	**Profit Increase (decrease) K'000**	**31 December 2019 (Restated) K'000**
Cost of sales	(696 054)	(32 255)	(728 309)
Loss before income tax	(23 990)	(32 255)	(56 245)
Income tax credit	11 651	5 912	17 563
Profit (loss) for the year	12 339	(26 343)	(38 682)

Basic and diluted earnings per share for the prior year have been restated. The amount of the correction for basic and diluted earnings per share was a decrease of K0.13

20. TRADE AND OTHER RECEIVABLES

20.1 Trade receivables

Trade receivables principally comprise amounts receivable in respect of the sale of cement and clinker.

	2020	2019
	K'000	K'000
Gross trade receivables	**88 758**	101 981
Less: Allowance for doubtful receivables	**(29 157)**	(28 120)
	59 601	73 861

The following tables detail the risk profile of trade receivables based on the Company provision matrix. As the Company's' historical credit loss experience shows significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer bases.

31 December 2020	**Not past due**	**0-30 past due**	**31-60 past due**	**61-90 past due**	**More than 90 days past due**	**Total**
	K'000	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**
Expected credit loss rate	**0%**	**6%**	**26%**	**35%**	**79%**	
Estimated total gross carrying Amount at default	29 889	17 869	6 407	1 856	32 737	88 758
Lifetime ECL	-	(1 072)	(1 655)	(655)	(25 775)	(29 157)
	29 889	**16 797**	**4 752**	**1 201**	**6 962**	**59 601**

31 December 2019	Not past due	0-30 past due	31-60 past due	61-90 past due	More than 90 days past due	Total
	K'000	K'000	K'000	K'000	K'000	K'000
Expected credit loss rate	0%	0%	0%	11%	55%	
Estimated total gross carrying Amount at default	2 922	31 950	16 971	5 410	44 728	101 981
Lifetime ECL	-	-	(1 358)	(1 558)	(25 204)	(28 120)
	2 922	31 950	15 613	3 852	19 524	73 861

At the onset of Covid-19 in March 2020, a review of credit customer performance was assessed and all customers impacted by Covid-19 had their credit limits revised. Subsequently on a weekly basis all customers were monitored to ensure no default as a result of Covid-19 impact on business. The initial assessment of the exposure was **K9,454 thousand** and the current exposure is **K904 thousand**. The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9.

	2020	2019
	K'000	K'000
Balance as at start of the year	**(28 120)**	(22 587)
Transfer to allowance for doubtful receivables	**(4 641)**	(5 533)
Bad debts write off	**3 604**	-
Balance as at end of the year	**(29 157)**	(28 120)

20.2 Other receivables

Value Added Tax receivable	**87 872**	119 664
Prepaid expenses	**6 496**	5 842
Sundry receivables	**1 824**	17 785
Employee loans	**920**	1 654
	97 112	144 945

21. RELATED PARTY TRANSACTIONS

LafargeHolcim Limited, the ultimate parent, is a company registered in Switzerland, owns 75% of the issued share capital of Lafarge Zambia Plc. through its owned subsidiaries, Financiere Lafarge, and Pan African Cement Limited.

The Company has balances with, and has transacted with the following related Lafarge Group companies:

	Country of incorporation	Relationship
LafargeHolcim Limited	Switzerland	Ultimate Parent
Bamburi Cement Limited	Kenya	Fellow subsidiary
Lafarge Spain	Spain	Fellow subsidiary
Lafarge Building Materials MEA S.A.E	Egypt	Fellow subsidiary
Lafarge Cement Malawi Limited	Malawi	Fellow subsidiary
Lafarge Cement Zimbabwe Limited	Zimbabwe	Fellow subsidiary
Lafarge Industries South Africa (Proprietary) Limited	South Africa	Fellow subsidiary
LafargeHolcim Middle East and Africa	U.A.E	Fellow subsidiary
LafargeHolcim East Africa	Kenya	Fellow subsidiary
Lafarge North America	U.S.A	Fellow subsidiary
Lafarge South Africa	South Africa	Fellow subsidiary
Lafarge International Services Singapore PTE LTD	Singapore	Fellow subsidiary
Lafarge Building Materials	United Kingdom	Fellow subsidiary
Lafarge Egypt	Egypt	Fellow subsidiary
Lafarge (Mauritius) Cement Limited	Mauritius	Fellow subsidiary

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

	2020 K'000	2019 K'000
Amounts due from related companies:		
Lafarge Cement Zimbabwe Limited	75 153	42 323
Lafarge Cement Malawi Limited	46 439	10 580
LafargeHolcim East Africa	970	643
LafargeHolcim Middle East and Africa	870	867
Lafarge South Africa	176	26
LafargeHolcim Technical Center AFR	-	4 494
LafargeHolcim Limited	-	2 447
	123 608	61 380
Amounts due to related companies:		
Lafarge Cement Malawi Limited	839	464
Lafarge Industries South Africa (Proprietary) Limited	385	1 796
Holcim Group services	20	9 024
Lafarge S.A	-	31 354
LafargeHolcim Middle East and Africa	-	5 048
Lafarge North America	-	3 486
Lafarge Building Materials Limited	-	2 790
Lafarge International Services Singapore PTE LTD	-	1 771
Lafarge MEA Building Materials Limited	-	1 079
Lafarge Cement Zimbabwe Limited	-	173
	1 244	56 985

	2020 K'000	2019 K'000
Sale of goods:		
The financial effects of transactions with the related parties were as follows:		
Lafarge Cement Malawi Limited	**92 763**	20 894
Lafarge Cement Zimbabwe Limited	**31 446**	53 497
	124 209	74 391
Management and technical services expenses:		
LafargeHolcim Limited	**38 809**	47 793

Terms and conditions of transactions with related parties
Outstanding balances at the year-end are unsecured and interest free and settlement is in cash except when otherwise stated.

The remuneration of Directors and other key management during the year was as follows:		
Salaries and other short-term employment benefits	**8 170**	12 900

The Chief Executive Officer and three other senior management are seconded from LafargeHolcim Group. The remuneration of these Executive Directors is paid out of the Group and has not been separately disclosed.

Non Executive Directors' Remuneration:		
In connection with the management of the Company as directors	**1 326**	909
Director's fees analysed as follows:		
Mr. Muna Hantuba	**352**	257
Mr. Mwelwa Chibesakunda	**374**	193
Mr. Mark O'Donnell	**318**	242
Dr. Frank Munthali	**282**	136
Mrs. Dorothy Mulwila (Resigned on 3 April, 2019)	**-**	81
	1 326	909

The remuneration of Directors and key executives are determined having regard to the individual performance and market trends.

22. CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents includes cash on hand and in banks.

Bank and cash balances	**283 140**	76 081

Bank overdraft
As at the end of 31 December 2020, the Company did not make use of its overdraft facility held with Citi Bank Zambia Limited. The facility available to the Company is **K24 million** (2019: K24 million).

23. SHAREHOLDERS EQUITY

23.1 Share capital

Authorized		
240 000 000 ordinary shares of 5 ngwee each	**12 000**	12 000
3 000 000 7% non-cumulative redeemable preference shares of 10 ngwee	**300**	300
	12 300	12 300
Issued and fully paid		
200 039 904 ordinary shares of 5 ngwee each	**10 002**	10 002
Shareholding:		
	%	%
Pan African Cement Limited	**50.10**	50.10
Financiere Lafarge	**24.90**	24.90
LUSE Central share depository	**2.76**	11.92
Public (Institutions and individuals)	**22.24**	13.08
	100.00	100.00

LafargeHolcim owns a 75% stake in Lafarge Zambia Plc through two of its subsidiaries namely Pan African Cement Limited and Financiere Lafarge.

23.2 Revaluation reserve

Revaluation reserves arise from the periodic revaluation of property and equipment and represent the excess of the revalued amount over the carrying value of the property and equipment at the date of revaluation. Deferred tax arising in respect of the revaluation of property has been charged directly against the revaluation reserves in accordance with International Financial Reporting Standard (IAS) 12: Income Taxes.

The reserve may, at the discretion of the Directors, be used in the business of the Company or be invested in such investments as the Directors consider appropriate.

23.3 Retained earnings

The retained earnings represent all accumulated net income netted by all dividends paid to shareholders. Retained earnings are part of equity on the statement of financial position and represent the portion of the business's profits that are not distributed as dividends to shareholders but instead are reserved for reinvestment.

24. PROVISION FOR ENVIRONMENTAL LIABILITIES

	2020	2019
	K'000	K'000
At beginning of the year	**24 917**	22 536
Unwinding of discount	**988**	-
Adjustment to provision	**1 994**	2 381
	27 899	24 917

The Company provides for costs of restoring a site where a legal or constructive obligation exists.

The environmental provision represents the best estimate of the expenditure required to settle the obligation to rehabilitate environmental disturbances caused by operations. The amount recorded by the Company at year end is the present value of the future restoration cost, that has been calculated based on the factors below. 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. Furthermore, the timing of rehabilitation is likely to depend on when the quarry will cease to produce at economically viable rates. This, in turn, will depend upon future cement demand.

The estimate of the present value of the future restoration cost is based on the assumption of the projected closure costs as per Environmental audits done. Different unit rates for closure components have been used in line with Mines and minerals (environmental) regulations in Zambia. The closure cost has been subjected to USD long term inflation of 2.1% as the costs are projected in USD. The timing of future rehabilitation is presumed to be when the quarries cease to produce for each of the Company's sites. The discount rate used to calculate the present value of the expenditures expected to be incurred to settle the long-term obligation is at **8%** (2019: 12%)

In compliance with the Mines and Minerals Development Act of 2015, the Company has made cash contributions in the sum of **USD986,798 (equivalent of K9,680,488)** to the Environmental Protection Fund over a period of five years based on annual audits conducted by Mines Safety Department. The Fund established by the Mines and Minerals Act is controlled by Mines Safety Department under the Ministry of Mines and Minerals Development. A bank guarantee of USD 15 million has been put in place to meet the requirements of this Act.

The amount deposited with the Fund is refundable to the Company when the mine site is rehabilitated and certified by the Mines Safety Department in compliance with the Act.

Sensitivity analysis

At 31 December 2020, if the long term USD inflation rate would increase by 0.1% with all other variables held constant, the provision would have been higher by K1,344 thousand, whilst a 0.1% decrease would have resulted in a lower provision by K1,282 thousand.

At 31 December 2020, if the Weighted Average Cost of Capital (WACC) would increase or decrease by 0.5% with all other variables held constant, an upward movement would cause a decrease of the value of the provision by K5,539 thousand whilst a downward movement would cause an increase of the value of the provision by K6,987 thousand.

25. RETIREMENT BENEFIT PLANS

	2020 K'000	2019 K'000
At beginning of the year	**52**	82
Current year charge	**406**	243
Paid during the year	**(216)**	(273)
At end of year	**242**	52

The total costs charged to profit or loss of **K406 thousand** (2019: K243 thousand) represent provisions made for gratuities related to certain non-unionised and unionised staff.

The Company operates a defined contribution pension scheme for certain of its employees. The scheme is funded by contributions from both the Company and its employees, and is managed by Minet Zambia Limited (formerly AON Zambia Limited). This defined contribution plan is funded by a specified percentage contribution from payroll costs charged to profit or loss. There were no outstanding contributions as at 31 December 2020 (2019: nil). Refer to note 11 for pension contributions for the year.

The assets of the scheme are held separately from those of the Company in funds under the control of the Trustees.

26. LEASE LIABILITIES

	2020	2019
(a) Analysed as:	**K'000**	K'000
Non-current	**3 301**	4 816
Current	**2 052**	2 472
	5 353	7 288
(b) Maturity analysis:		
Less than one year	**2 029**	2 472
Later than one year but not later than two years	**2 029**	2 473
Later than two years but not later than five years	**3 032**	5 746
	7 090	10 691
	(1 737)	(3 403)
	5 353	7 288
(c)The movement for the year is as follows:		
At the beginning of the year	**7 288**	-
Additions during the year	**-**	7 806
Write off during the year	**(892)**	-
Repayments during the year	**(1 043)**	(518)
Net obligations under finance lease	**5 353**	7 288

The Company enters into leasing arrangements. The average term of leases entered into is 10 years. Unguaranteed residual dues of assets leased under the leases at the balance sheet date are estimated at K Nil.

The interest rate inherent in the leases is fixed/variable at the contract date for all of the lease term.

The Directors consider that the fair value of the leases is equal to their carrying values as reflected in the balance sheet.

27. DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities (assets) recognised by the Company and their movements during the year:

	Accelerated capital allowances	Revaluation surplus	Provisions and other	Total
2019	**K'000**	**K'000**	**K'000**	**K'000**
At beginning of year	(19 024)	276 867	1 844	259 687
Charge to profit or loss	(12 155)	-	(21 973)	(34 128)
Charge to equity	-	(8 006)	-	(8 006)
Balance as at 31 December 2019 as previously stated	**(31 179)**	**268 861**	**(20 129)**	**217 553**
Prior year adjustment (Note 19.1)	5 852	-	(11 289)	(5 437)
Balance as at 31 December 2019 as restated	**(25 327)**	**268 861**	**(31 418)**	**212 116**
2020				
At beginning of year	(25 327)	268 861	(31 418)	212 116
Charge to profit or loss	(15 149)	-	21 100	5 951
Charge to equity	-	(6 062)	-	(6 062)
	(40 476)	**262 799**	**(10 318)**	**212 005**

28. TRADE AND OTHER PAYABLES

Trade payables principally comprise amounts outstanding in respect of trade purchases and ongoing costs while other payables include pay as you earn, dividend payables and customer advance payment.

28.1 Trade payables

The Directors consider that the carrying amount of trade payables approximates their fair value due to their short term nature.

The average credit period for purchases is 60 days. No interest is charged on the trade payables. The Company has risk management policies in place to ensure that all payables are paid within the credit timeframe.

28.2 Other payables

	2020	2019
	K'000	K'000
Sundry accruals (i)	**184 137**	53 422
Dividends payable	**61 529**	80 287
Employee related liabilities (ii)	**46 527**	15 841
Sundry payables	**30 577**	4 810
Advances from Cement customers	**22 261**	13 925
	345 031	168 285
(i) Sundry accruals		
Other operational accruals	**102 588**	34 297
Withheld Value Added Tax	**62 409**	8 405
Plant maintenance accruals	**12 123**	6 442
Utilities accruals	**7 017**	4 278
	184 137	53 422
(ii) Employee related liabilities		
Employee related liabilities include leave pay accruals as follows:		
Balance at the beginning of the year	**4 724**	3 819
Movement during in the year	**(1 106)**	905
Balance at the end of the year	**3 618**	4 724

29. COMMITMENTS, CONTINGENT LIABILITIES AND ASSETS

Commitments

The eleventh schedule of Mines and Minerals (Environmental) Regulation of 1997 requires that the Company will make contributions for five years to the Environmental Protection Fund (EPF). The amount of the contribution is determined by the declared cost of decommissioning site restoration upon site closure and also upon the Environment management performance category as deemed by Mines Safety Department.

The contributions are in two parts (i) a 10% lump sum for Lusaka Plants and 20% lump sum for the Ndola plant calculated as a percentage of estimated closure costs depending on the category of the plant, and (ii) the balance in form of a Bank Guarantee, Letter of Credit, or Insurance Bond acceptable to the Minister of Mines and Mineral Development.

The Company obtained a bank guarantee amounting to USD15 million for the remaining site restoration costs in line with the operational guidelines of the environmental protection fund (EPF).

Competition and Consumer Protection Commission (CCPC) fine

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent in its operations. As a result, the Company is involved in various litigation, arbitration and regulatory proceedings, both in Zambia and in other jurisdictions in the ordinary course of its business. The Company has formal controls and policies for managing legal claims. Based on professional legal advice, the Company provides and/or discloses amounts in accordance with its accounting policies. At year end, the Company had several unresolved legal claims.

During the ordinary course of business the Company is subject to threatened or actual legal proceedings. All such material cases are periodically reassessed, with the assistance of external professional advisers where appropriate, to determine the likelihood of the Company incurring a liability. In those instances where it is concluded that it is more likely than not that a payment will be made, a provision is established to the Director's best estimate of the amount required to settle the obligation at the relevant reporting date. In some cases it will not be possible to form a view, either because the facts are unclear or because further time is needed to properly assess the merits of the case.

On the 14 December 2017, the Company received a decision from the Board of the Competition and Consumer Protection Commission ("CCPC") which imposed a fine of 10% of its relevant annual turnover for the alleged excessive pricing, discrimination and abuse of loyalty discounts in contravention with section 16(2)(f) and 16(1) of the Competition and Consumer Protection Act, Number 24 of 2010 (''Act'').

The Company has since filed an appeal against this decision before the Competition and Consumer Tribunal. As at the reporting date the issue had not been resolved between the Company and CCPC.

In view of the uncertainty surrounding this matter, and on the basis of legal advice obtained, and the fact that an economic outflow of funds is neither probable nor likely at this stage, the Directors have concluded that no provision is required in the financial statements as at 31 December 2020.

On the 31 March 2021, the Company noted through a press release a decision from the Board of the Competition and Consumer Protection Commission ("CCPC") which imposed a fine of 10% of annual turnovers for the two (2) years of 2019 and 2020 for being in contravention with section 9(1) (a) and (b) of the Competition and Consumer Protection Act, Number 24 of 2010 (''Act'').

As at the reporting date the Company was yet to receive and consider the full decision of the Commission's Board for which it intends to appeal. Refer to note 33 for subsequent events disclosure.

In view of the uncertainty surrounding this matter, and on the basis of legal advice obtained, the Directors have concluded that no provision is required in the financial statements as at 31 December 2020.

Tax credit utilised and unutilised

Lafarge Zambia Plc and Zambia Revenue Authority (ZRA) engaged in a tax reconciliation exercise for the period 2012 to 2019 to reconcile all the tax returns for each year to the ZRA statement. This reconciliation exercise was concluded in June 2020. The results of this reconciliation revealed that the Company had overpaid its income taxes which gave rise to a tax credit of K164 million. A total of K108 million was offset with the liabilities that arose between June and December 2020. Upon the utilisation of this K108 million, ZRA requested for a Credibility Audit in January 2021. The Directors are of the view that the balance of K56 million is a contingent asset as the outcome of the ZRA credibility audit is uncertain.

30. CAPITAL COMMITMENTS

As at 31st December 2020, the Company had entered into authorised and contractual commitments for the acquisition of property plant and equipment of K17,929 thousand (2019: Nil). The capital expenditure will be made from internally generated resources.

31. FINANCIAL INSTRUMENTS

Capital management

The Company manages its capital to ensure that it will be able to continue as a going concern and maintain healthy ratios while maximizing the return to stakeholders through the optimization of its equity. The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future developments of the business.

The capital structure of the Company consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed on the statement of changes in equity.

Gearing

The Company's finance department reviews the capital structure on a regular basis. As part of this review the cost of capital and the risks associated with each class of capital are considered. The Company has an overdraft facility with Citi Bank Zambia Limited, Stanbic Bank Zambia Limited and Standard Chartered Bank Zambia Plc valued at US$2 million each to meet its working capital requirements.

Categories of financial instruments

	2020	2019
Financial assets	**K'000**	K'000
Financial assets at amortised cost		
- Trade receivables	**59 601**	73 861
- Amounts due from related parties	**123 608**	61 380
- Other receivables, excluding prepayments	**2 744**	19 439
- Bank and cash balances	**283 140**	76 081
Financial assets at fair value through other comprehensive income (FVOCI)		
Investment in unquoted shares	**26 221**	25 266
Total financial assets	**495 314**	256 027
Financial liabilities		
Liabilities at amortised cost		
- Trade payables	**78 646**	91 830
- Other payables, excluding taxes	**282 622**	159 880
- Amounts due to related parties	**1 244**	56 985
- Lease liability	**5 353**	7 288
- Retirement benefits	**242**	52
Total financial liabilities	**368 107**	316 035

The Company's finance department which co-ordinates access to the domestic money markets monitors and manages the financial risks relating to the operations of the Company. These risks include market risk (including currency risk interest rate risk and price risk), credit risk, and liquidity risk. The Company does not enter into trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risks which are in line with the Company: interest rate risk and foreign currency risk. The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Company negotiates with commercial banks to transact at favourable rates to manage its exposure to interest rate and foreign currency risk.

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

Foreign currency risk management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company undertakes certain transactions denominated in foreign currencies. Hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters as approved by the Board of Directors.

The Company is exposed to foreign exchange risk which arises primarily with respect to trade receivables, bank and cash balances which are denominated in US Dollars. Foreign exchange risk also arises from supplier payments denominated in US Dollars, South African Rand and Euros.

Below is the Kwacha equivalent of the financing assets and liabilities that are denominated in foreign currencies.

	2020	2019
	K'000	K'000
Assets		
US dollar denominated	**249 130**	17 345
Euro denominated	**3 755**	2 424
South African Rand denominated	**477**	272
	253 362	20 041
Liabilities		
US dollar denominated	**26 644**	27 636
Euro denominated	**1 289**	35 597
South African Rand denominated	**866**	5 038
CHF denominated	**6 196**	13 393
GBP denominated	**76**	3 072
	35 071	84 736

Sensitivity analysis

At 31 December 2020, if the US Dollar had appreciated or depreciated by 10% against the Kwacha, with all other variables held constant, the decrease and increase in the profit (loss) for the year would have been K36,304 thousand (2019: (K3,868) thousand) lower and higher respectively, mainly arising from advances to supplier, cash, amounts due to and from related parties and trade receivables.

Interest rate risk management

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not significantly exposed to changes in the market interest rate due to the fact that it has no loans. However, the Company obtains overdraft facilities as and when the need arises. The company in this regard manages and monitors daily funding requirements to anticipate funding requirements and the Company to source inexpensive financing alternatives when such funds are needed.

Interest rate sensitivity

The sensitivity to a reasonably possible change in interest rates by 2% on that portion of overdrafts affected, based on the last two years' historical rates and economic forecasters' expectations of the Company's profit before tax through the impact on overdraft borrowings and cash and cash equivalents (with all other variables held constant) would have been Nil (2019: K204 thousand) lower and higher respectively.

Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cashflows and matching the maturity profile of financial assets and liabilities. The company's objective is to ensure as far as possible it will always have sufficient cash to meet its liabilities under normal or stressed conditions without incurring unacceptable losses to risking damage to the Company's reputation.

The following table details the Company's remaining contractual maturity for its non- derivate financial assets and liabilities. The table is based on the undiscounted contractual maturities of the financial assets and liabilities.

Year ended 31 December 2020	**1 – 3 months**	**3 months to 1 year**	**1 – 5 years**	**Total**
Liabilities	**K'000**	**K'000**	**K'000**	**K'000**
Trade payables	75 932	2 714	-	**78 646**
Other payables, excluding taxes	282 622	-	-	**282 622**
Lease liability	-	2 052	3 301	**5 353**
Retirement benefit plans	-	242	-	**242**
Amounts due to related parties	-	1 244	-	**1 244**
	358 554	6 252	3 301	**368 107**
Year ended 31 December 2019				
Liabilities				
Trade payables	89 438	2 392	-	91 830
Other payables, excluding taxes	138 519	-	-	138 519
Lease liability		2 472	4 816	7 288
Retirement benefit plans	-	52	-	52
Amounts due to related parties	-	56 985	-	56 985
	227 957	61 901	4 816	294 674

Credit risk management

Credit risk management refers to the risk that counter party will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk in respect of trade and other receivables and amounts due from related parties. The Company's policy is to closely monitor the creditworthiness of all its debtors by reviewing their ability to pay as well as their continued operations and transactions with the company on regular basis.

The company has established a credit policy under which each new customer is analysed for creditworthiness before standard payment and delivery terms are offered. Credit limits are set for each customer who represent the maximum amount each customer is allowed to collect on credit; these limits are reviewed regularly and approved by the credit committee. Customers with a high risk rating have an option of either cash transactions or providing collateral.

To measure the expected credit losses, the company uses the provision matrix. Trade receivables expected losses are assessed based on past dues and the impact on adverse economic performance. Trade receivables are written off when there is no reasonable expectation of recovery, indicators that there is not reasonable payment plan with the company or no active trading with the company.

The Company's maximum exposure to credit risk is analysed below:

	2020	2019
	K'000	K'000
Trade receivables	**59 601**	73 861
Other receivables, excluding prepayments and taxes	**2 744**	19 439
Amounts due from related parties	**123 608**	61 380
Bank and cash balances	**283 140**	76 081
	469 093	230 761

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise unlisted equity securities in Mbeya Cement in Tanzania.

Impairment of financial assets at amortised cost

The closing loss allowances for trade receivables as at 31 December 2020 reconcile to the opening loss allowances as follows:

	2020
	K'000
Balance at 1 January 2020 under IFRS 9	**(28 119)**
Increase in credit loss allowance through recognised through profit and loss during the year	**(1 038)**
As at 31 December 2020 - IFRS 9	**(29 157)**

32. FAIR VALUE MEASUREMENTS

The following table provides the fair value measurement hierarchy of the Company's plant and equipment and financial assets at fair value through profit or loss.

The information set out below provides information about how the Company determines fair values of various financial assets and financial liabilities.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges for example, Lusaka Stock Exchange).
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

Fair value of the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis.
There were no financial assets and liabilities that are measured at fair value on a recurring basis during the period.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

Trade payables	Fair value hierarchy as at 31 December 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
	K'000	**K'000**	**K'000**	**K'000**
Financial assets				
- Amounts due from related parties	-	-	123 608	123 608
- Trade receivables	-	-	59 601	59 601
- Other receivables, excluding prepayments and taxes	-	-	2 744	2 744
- Equity investment	-	26 221	-	26 221
Total	-	26 221	185 953	212 174
Financial liabilities:				
Financial liabilities held at amortised cost:				
- Amounts due to related parties	-	-	1 244	1 244
- Lease liability	-	-	5 353	5 353
- Trade payables	-	-	78 646	78 646
- Other payables, excluding taxes	-	-	282 622	282 622
Total	-	-	367 865	367 865
	Fair value hierarchy as at 31 December 2019			
Financial assets				
- Amounts due from related parties	-	-	61 380	61 380
- Trade receivables	-	-	73 861	73 861
- Other receivables, excluding prepayments and taxes	-	-	17 785	17 785
- Equity investment	-	25 266	-	25 266
Total	-	25 266	153 026	178 292
Financial liabilities:				
Financial liabilities held at amortised cost:				
- Amounts due to related parties	-	-	56 985	56 985
- Lease liability	-	-	7 288	7 288
- Trade payables	-	-	91 830	91 830
- Other payables, excluding taxes	-	-	-	-
			156 103	156 103

33. SUBSEQUENT EVENTS

Subsequent to year end on 31 March 2021, the Competition and Consumer Commission (Commission) had issued a press release in which it was concluded that Lafarge Zambia Plc had contravened the Competition and Consumer Protection Act.

Since the initiation of the Commission's investigation in January 2020, Lafarge Zambia Plc had consistently denied the Commission's allegations of its engagement in restrictive business practices in the cement sector. As at 31 March 2021 Lafarge Zambia Plc was yet to receive the full decision of the Commission Board.

Lafarge Zambia Plc cooperated with the Commission throughout the investigation process and it intends to exercise its rights to appeal the decision.

Other than the matter above, there are no other material facts or significant events after the reporting date which would require adjustments or disclosure in these financial statements.

LAFARGE ZAMBIA PLC

APPENDIX
FIVE YEAR FINANCIAL RECORD

FOR THE YEAR ENDED 31 DECEMBER 2020

FIVE YEAR FINANCIAL RECORD

	2020	2019 Restated	2018	2017 Restated	2016 Restated
Cement production	**748**	816	945	887	831
Cement sold					
Domestic	**447**	560	736	667	605
Export	**293**	256	185	245	192
Clinker exports	**225**	145	64	113	163
	965	961	985	1 025	960
Aggregates	**3**	143	194	172	164
K'000					
Statement of comprehensive income					
Turnover	**1 693 146**	1 110 153	1 141 800	1 008 232	889 673
Profit (loss) before tax	**342 057**	(56 245)	104 309	57 511	127 985
Income tax credit (expense)	**20 978**	17 563	90 589	(38 573)	(50 589)
Profit (loss) for the year	**363 035**	(38 682)	194 898	18 938	77 396
Earnings per share - K	**1.81**	(0.19)	0.97	0.09	1.61
Net assets employed					
Property, plant and equipment	**1 420 813**	1 475 009	1 506 100	1 538 303	1 583 011
Equity investment at fair value	**26 221**	25 266	25 266	25 126	24 171
Net current assets	**433 289**	309 465	404 464	205 831	212 987
	1 880 323	1 809 740	1 930 830	1 769 260	1 820 169
Liabilities due after one year					
Provision for environmental liabilities	**27 899**	24 917	22 536	19 401	15 388
Retirement benefits	**242**	52	82	258	228
Lease liabilities	**3 301**	4 816	-	-	-
Deferred tax liabilities	**212 005**	212 116	259 687	238 432	233 341
	1 636 876	1 567 839	1 648 525	1 511 169	1 571 212
Financed by:					
Share capital	**10 002**	10 002	10 002	10 002	10 002
Reserves	**1 626 874**	1 557 837	1 638 523	1 501 167	1 561 210
	1 636 876	1 567 839	1 648 525	1 511 169	1 571 212

Kariba Dam, Siavonga Zambia

LAFARGE ZAMBIA PLC

MINUTES OF THE 28TH ANNUAL GENERAL MEETING

HELD ON 21ST MAY 2020 VIA ZOOM

PRESENT:
Mr M Hantuba - Chairman
Mr J Khan - CEO & Managing Director
Mr M Chibesakunda - Director
Dr F Munthali - Director
Mr A Khalifa - CFO
Mrs C M.Ngulube - Company Secretary
Members As attached
Proxies As attached

1. WELCOME REMARKS AND CONSTITUTION OF MEETING

1.2 The Chairman welcomed all shareholders, auditors, the transfer secretaries and directors to the 28th Annual General Meeting of Lafarge Zambia Plc. and called the meeting to order at 09:05 hrs.

1.3 The Chairman acknowledged that the meeting was being held under strange circumstances given the world pandemic. He then urged all shareholders to properly register to ensure accurate records are kept.

1.4 The Corporate Affairs and Communications Manager- Sarah Banda, introduced the Directors and other members present in the meeting room and went through the house keeping rules which were circulated to the shareholders.

1.5 A handover was made to the Chairman to proceed with the business of the meeting and he directed that to maintain order through the meeting, all questions would be left to the end of the meeting.

1.6 The Chairman begun by officially introducing the two new members of the Board of Directors of Lafarge Zambia Plc being the Chief Financial Officer (CFO) Mr Ahmed Khalifa and Company Secretary Mrs Chibuye Mbesuma Ngulube.

1.7 Apologies and Proxies

i. Apologies were received from two Directors: Mr Mark O'donnell and Mr Pierre Delaplanque.
ii. Proxies: A total of five (42) valid proxies were received including two from the majority shareholders. Pan Africa Cement (PAC) appointed Mr Ahmed Khalifa while Financiere Lafarge Ltd appointed Mr Jimmy Khan to represent them at the meeting.

1.8 Upon confirmation of quorum being present in person or by proxy, the Chairman declared the meeting duly constituted.

2. NOTICE OF MEETING

2.1 The Notice was noted as published and circulated in compliance with the statutory requirements.

2.2 The Chairman confirmed the conduct of the meeting and process to be followed as follows:

i. As this was a shareholders meeting, only shareholders or their proxies were to participate in the business on the agenda; and
ii. Questions or comments were to be confined to the business of the meeting in line with the agenda which was circulated to all members before the meeting.

2.3 The Chairman proposed that the Notice convening the meeting be taken as read.

- Seconded: Mr Liebenthal Robert

3. ADOPTION OF AGENDA

The Agenda was noted as circulated and was subsequently adopted.

- Proposed: Ms Florence Tapelo
- Seconded: Mr Jimmy Khan

4. MINUTES OF THE 27th ANNUAL GENERAL MEETING

4.1 Minutes were confirmed as the correct recording of the proceedings for the 27th Annual General Meeting (AGM) of the Company. A minor change was noted and this involved the inclusion of Mr. Jimmy Khan on the attendance register as proxy for Financiere Lafarge and Pan African Cement Company.

Resolution:
By show of hands it was resolved that the minutes of the 26th Annual General Meeting be approved as corrected above.

- Proposed: Ms Annie Zulu
- Seconded: Ms Anna Chaongopa Zulu

5. MATTERS ARISING FROM THE MINUTES OF THE 26th ANNUAL GENERAL MEETING

There were no matters arising from the minutes of the 26th Annual General Meeting.

6. ADOPTION OF THE ANNUAL REPORTS INCLUDING THE CHAIRMAN'S REVIEW, DIRECTOR'S REPORT AND THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2017

6.1 The CEO and the CFO presented the operational and financial performance of the Company respectively, for the year ended 31st December 2019. Highlights included the following:

i. The CEO advised that the year 2019 was a year of recovery for the Company. It was a year of change and several difficulties, however, the CEO went on to state that there were some positive results by the end of the year. As regards Health and Safety, the CEO spoke of the marathon which saw 3,000 participates from 19 countries' including His Excellency, the president of Zambia. He explained that the said marathon raised a quarter of a million Kwacha in funds which Funds were donated to various Charities

ii. The CEO presented on road safety and explained that the Company recorded zero driver fatality, he also explained that, with the Covid-19 pandemic, the Company's created measures to protect employees and had a large focus on health and safety which made it easier for the Company to operate safely.

iii. The CEO also stated that the highs and lows experienced in 2019 included the contraction of the cement market by 6%, a new player joined the market and that sales reduced by 2%. He indicated that there was no long term debt in 2019 and acknowledged that the Company had limited exposure long term making the Company more viable. The CEO further gave details on the cement export market.

iv. The CEO further highlighted that the devaluation of the Zambian Kwacha and other economic challenges faced by the Country led to some difficult decisions being made such as the closure of the Aggregates business and integration of Binastore Franchise business into the core business. These changes delivered an upwards of K25-30 million in savings vs. previous 2018

v. The CEO expressed how proud he was of the Lafarge team for their Operational Excellence which saw a 2,300 tonnes per day production which reflected a 10-12% increase over the designed capacity of the plant. He also advised that there was a 3 hour turnaround time for trucks in the plant which was a drastic and positive change. The CEO additionally expounded that a <1.2 standard deviation was constantly achieved by the Company which was a testament of the Company's quality consistency.

vi. The CEO spoke positively about the fact that the major projects in the country that required consistent and high quality cement chose Lafarge such as the construction of the Kenneth Kaunda International Airport, Kafue George Lower Hydro Power and Decongesting Lusaka Projects.

vii. The CEO presented on some projects that the Company had embarked on to ensure growth of the business. This included the launch of digital applications such as the Lead Retail Application which enables almost 50-60% of stock to be ordered through the Application. The other initiative was a partnership with Afridelivery which enables individual home builders to order cement online and have it delivered to their doorstep within 90 minutes and the operation of Geocycle, a dedicated waste management brand that aims to provide sustainable waste management solutions of hazardous waste, a solution which will keep 30 – 40 million Kwacha within the country for waste disposal.

viii. The CEO concluded by sharing some of the ways in which the Company created shared value in the community including through the contribution of over K400, 000 in direct community investment to Corporate Social Responsibility initiatives, an amount of money which was raised in partnership with other Organizations which included Zambia Breweries and Zambia Sugar. In addition the CEO informed the meeting that the Company won the Middle East and Africa Golden Award for outstanding work in Corporate Social Responsibility.

ix. The CFO took over from the CEO to present the Company's financial performance. He informed the meeting that the business lost K32 Million of sales and revenues in 2019 compared to 2018. The Company moved from K195, 000, 000 in 2018 to -K12,000,000 in 2019 which meant that the price per share dropped from K0.37 per share to -K0.06 per share.

x. Never the less, he expressed that on a positive note, the Company increased provisions and environmental liabilities to fully align with the Zambian regulations.

xi. The CFO presented that, the Company's costs increased over the year despite revenue reduction and this was driven by major impact related to fuel price increase and currency devaluation. This impacted not only the cost of sales but the distribution expenses as well.

xii. The CFO expressed that the business was restructured and led to a saving of K44, 000,000 in 2019 and this saving would flow into 2020. Unfortunately, during the year the Company had to utilise its overdraft facilities to remain viable.

xiii. Pertaining to exports, the CFO explained that the Company was gradually increasing exports and from a financial perspective this was creating foreign currency for the Company and was supporting reserves in the Country. Naturally, this was offsetting the devaluation of the currency when it came to meeting costs.

xiv. The CEO gave an outlook of the year 2020 highlighting that 2019 was a year of transformation for the business while he strongly commended the very dynamic and motivated team at Lafarge for their input. He expressed that the Company entered 2020 in a very strong and positive environment due to the price increase effected towards the end of 2019.

xv. The CEO further informed the meeting that the Company looked forward to sharing its H1 results of 2020.

xvi. In conclusion, in light of the global health pandemic, the CEO expressed that it was a difficult time for the Company and that changes were inevitable. He advised the meeting that the Company would not only focus on safeguarding the health of employees and the community at large but that the Company would employ innovative ways of safeguarding the business and ensure production at the lowest possible cost.

xvii. Mr Patson Kakubo commended the management and board for a well presented report and stressed that the Company would be able to soldier on with the current situation.

xviii. Mr Clement Sitali appreciated the strategic moves of the Company and advised the management and board to keep up the good work.

xix. Mr Bwalya Chabula commended the Board for a job well done and expressed his confidence that the Company would be successful during the tough period ahead.

6.2 The Annual Report and Financial Statement for the year ended 31st December 2019, including the Chairman's Review, Directors' Report and Report of the Auditor having been circulated earlier were accordingly adopted.

Resolution:

By show of hands it was resolved that the Annual Report and Financial Statements for the year ended 31st December 2019, including the Chairman's Review , Directors' Report and Report of the Auditor, be adopted.

- Proposed: Mr Sean Mukelebai
- Seconded: Ms Maureen Kapembwa Oliver

7. NON-DECLARATION OF DIVIDEND

7.1 The Chairman explained that as all the members had sight of the Company's financial results for the year ending 31st December 2019, the Board of Directors recommended that a Dividend should not be declared for the financial year ending 31st December 2019. The Directors' recommendation the non- declaration of a Dividend for the financial year ended 31st December 2019 and this was presented to the Members. In line with the recommendation the Chairman requested that a member proposes the resolution

Resolution:

That, as recommended by the Directors, there shall be no Dividend declared for the financial year ended 31st December 2019.

- Proposed: Mr Kwait Phiri
- Seconded: Mr Boyd Tembo

There were no members against the resolution.

8. REMUNERATION OF DIRECTORS

8.1 Members received a proposal from Management for Directors fees for the year ending 31st December 2020 to be maintained in line with 2019.

Resolution:

That the remuneration of the Directors of the Company for the year ending 31st December 2020 be maintained in line with 2019.

- Proposed: Mr Brian Mmembe
- Seconded: Mr Liebenthal Robert

There were no members against the resolution.

9. APPOINTMENT AND REMUNERATION OF THE AUDITOR

9.1 Members received a recommendation by the Directors to maintain Deloitte & Touche as Auditors of the Company for the year ending 31st December 2020 and that their remuneration be fixed by the Directors.

Resolution:

That as recommended by the Directors, Deloitte & Touche be maintained as Auditors of the Company for the year ending 31st December 2020 and that their remuneration to be fixed by the Directors.

- Proposed: Mr Anna Kaela Chaongopa Zulu
- Seconded: Mr Abraham Kapungwe

There were no members against the resoltution

10. AMENDMENT OF COMPANY ARTICLES OF ASSOCIATION

10.1 The Company Secretary informed the meeting that pursuant to Article 110 of the Company Articles of Association, a member's Dividends that are unclaimed for a period of 12 years from the date of declaration are forfeited to the Company. However, this is in contravention with 158 (3) of the Securities Act No.41 of 2016 which provides that the dividend that remains unclaimed after fifteen years of the date on which the dividend became payable shall be transferred to the Securities Exchange Commission. She therefore requested that a member formally proposes the resolution

Resolution:
That Article 110 of the Company Articles of Association be amended to reflect the provisions of s. 158(3) of the Securities Act No.41 of 2016.

- Proposed: Ms Milden Halyungu Choonga
- Seconded: Ms Maureen Kapembwa Oliver

None of the members present objected the resolution thus it was passed by majority.

11. RE- APPOINTMENT OF DIRECTORS AND COMPANY SECRETARY

11.1 The Chairman introduced the CFO and Company Secretary and highlighted their dates of appointment as follows:
Company Secretary: 17/12/19
CFO: 26/09/19

11.2 In accordance with Article 76(A) of the Articles of Association the Company Secretary explained that one third of the Directors were to retire by rotation at each AGM. Mr. Mark Odonell and Mr. Munakupya Hantumba being the longest serving directors since their last appointment and were due for retirement by rotation retired accordingly.

11.3 The members were informed that Pan African Cement exercised its rights to appoint Directors in accordance with Article 73(B) of the Articles of Association of the Company and respectively re-appointed both Members of the Board.

12. ANY OTHER BUSINESS

12.1 Mr Kwait Phiri inquired about the status of Binastore explaining that he considered it as an established brand like Coca Cola and Colgate. The CEO advised that Binastore was a strategically good idea but financial strength was necessary to support the Binastore initiative, therefore, as it was not returning the revenues and profits that the Company needed it to return, a decision was made to stop expanding it. Consequently, Binastore was no longer being managed as an independent entity, its employees have been infused into Lafarge and this has resulted in a K12, 000,000 saving

12.2 Mr Kwait Phiri further asked where the money was going to come from for increase in remuneration for Directors. The CEO advised that Directors remuneration had not been increased and referred him back to the resolution that was passed to maintain the Director fees.

12.3 Ms Milden Choongo observed that the local sales reduced compared to 2015. She asked if the strategy was to increase the export. The CEO responded affirmatively and advised that the market in 2019 contraction by 20% and a new player came on the market. He further advised that Zambia's consumption exceeded the production of all cement players which poses as a very serious risk to the industry.

12.4 Ms Namwinga Chintu thanked the panellists for their comments on the Lafarge Marathon and highlighted that it was a severely disorganised event according to marathon standards which dented the name of Lafarge because of poor disorganisation and runners getting lost. She expressed that there was an incident of a runner being hit by car. The question was what management was doing about revisiting marathon with ZAA to ensure that marathon standards are met and safety ensured for runners. The CEO explained that these comments pertained to the marathons previous to 2019 because in 2019 the Company took dramatic measures to ensure the smooth running of the marathon i.e every street was blocked, police support was present, there was no intrusion of external vehicles, no one got lost and expressed his hopes for the next marathons to be of the same standard as 2019.

12.5 Mr Mukelabai Ndiyoi inquired how dividends stayed unclaimed if they can be deposited into the member bank account. The Company Secretary explained that there can be different reasons for this, she gave an example of instances where a shareholder is deceased and the estate has not come forward to claim the dividend or bank account details have been changed and the affected member has not come through to register the correct details.

12.6 Mr Boyd Tembo asked what the Company was going to do better going forward to protect its fast declining market share as it would seem that the Company was getting negatively affected by every new entrant. The CEO highlighted that in the turnaround year of 2019, the company experienced a 50% increase in market share from 22% share capital to 31%.

12.7 Mr Mumba Musunga's question was related to the long term outlook of the business with regards to competitive advantage of the business owing to rising competition. He asked what was going to set aside the Lafarge product and service from other competitors. He further asked the panellists to advise which assets contributed the most to the fixed asset write off and asked them to comment on possibilities of future write offs in 2020. He further more inquired if there were any operational changes being undertaken to control rising costs of utilities. The CFO explained that the Company with the help of the auditors, who raised a flag when auditing the Company's 2018 financials, undertook an asset stock taking exercise for 2019 and the machinery is what mainly contributed to the Assets write off, he explained that majority of the assets formed part of bigger machinery thus could not be seen as they are inside the said big machines thus needed to be written off.

12.8 The CEO in answering the rest of the question advised that it is the local Zambian employees and the quality of the cement that give Lafarge an advantage and the other competitors work through large distributors while Lafarge deals directly with the retailers.

12.9 Ms Predencia Ngosa asked if there were any initiatives that had been considered amid the challenging economic conditions with regards to alternative energy sources given the persistent load shedding and electricity tariff increase in 2019. The CEO advised even if the Company is load shading, the load shade happens at specific hours not to interrupt the business downstream.

12.10 Mr Sean Mukelebai proposed that unclaimed dividends be donated to charitable causes or Corporate Social Responsibility activities. However, the Company secretary advised that while that would be the ideal situation, the Company needs to be in compliance with the law that states that such dividends should be sent to the Securities and Exchange Commission (SEC). She further advised that all funds are deposited into the SEC fund which is then used for investor protection and development activities.

12.11 Mr Patrick Mwale asked what strategy the Company was employing to lessen this cost on the bottom line in light of the astronomical rise of the energy costs. The CEO advised that the Company is doing so by controlling how the equipment is run, working on the power factor, and previously the Company had a power supply agreement and all payments were made in dollars but now it pays in kwacha and this has overall controlled the energy costs.

12.12 Mr Moses Prince Makwaya asked how he could claim his unclaimed dividends from 2012 to 2017. The Company Secretary advised that the shareholder must contact share track and they will advise and give him statements of his accounts.

12.13 Ms Vanessa Wright thanked the Chairman and Board for a well presented report and commended them for the development of the Lead Retail application. She inquired on what growth estimations Lafarge projected through the use of the app. The CEO advised that the market share moved making Lafarge the market leader at 31% and with the Covid-19 crises, the Company had to accelerate on these commercial additions which he advised had proven successful.

12.14 Mr Muyunda Sundano asked about the business projection in 2020 and the fact that we are in the Covid-19 pandemic, he inquired on what hope the Company gives to shareholders if dividends for 2019 are not paid. He further asked if there was hope of dividends being paid in the near future. The CEO advised that following the many changes in the business, he believed that dividends would be paid for the year 2020. He further reinforced that Covid-19 would not bring the Company down.

12.16 Ms Maureen Kapembwa Oliver asked if shareholders got discounts when purchasing cement. The CEO advised that currently no discounts are given however he proposed to the Chairman that this matter should be discussed in the next Board Meeting as it could be a good initiative.

12.17 Mr Osbert Sikazwe advised that the Geocycle initiative is great and the Company should be commended for facilitating environmental friendly efforts. However, he did not understand clearly how this works and he asked if anyone who was generating waste could dump that waste with Lafarge, the kind of waste and what steps were involved in handling the waste. The CEO advised the Company is certified by the Zambia Bureau of Standards (ZABS) and the Company uses the Kiln to destroy this waste as any type of waste is completely destroyed as the Kilns are sealed and none of the waste can seep out.

12.19 Ms Cathleen Sosopi asked how Covid-19 affected the operations of the company, vis-a-vis exports. The CEO advised that it has had a very big impact on the Company evidenced by how the AGM meeting was being managed. He further advised on the several changes that the Company had to make such as: all entrances to the Company premises were conducting checks via infra-red thermometer; hands were being swabbed with hand sanitizers, drivers were not authorised to leave their cabins, all processes are being digitalised, cost increase and 250 of 1,000 employees were working from home remotely. He further advised that Lafarge was the only Company that had created a scenario where the Company would be able to fully operate while on lock down.

12.22 Mr Elaston Njovu appreciated Lafarge's efforts in fighting Covid19 and asked what contribution the Company made to Government as ways of assisting alleviate the pandemic. The Corporate Affairs and Communications Manager advised that the Company made a contribution to the Ministry of Health of masks, hand sanitizers, soaps and the community was being helped with chemicals being donated to the District Commissioner’s office in Chilanga and the Golf Club was opened for community mass screening. She further urged the shareholders to follow the Company’s social media pages which are used to advertise and show cases the Companies products.

12.23 Mr Boyd Tembo asked what the likely cost of the home delivery arrangement was. The CEO advised that the cost of delivery was only K80 and he further advised that the first 1,000 orders were to be delivered for free.

12.24 There being no other business, the Chairman declared the meeting closed at 10:40 Hrs.

BOARD CHAIRMAN

Signed: ……………………………………………………………………

Date: ………………………………………………………………………

COMPANY SECRETARY

Signed: ……………………………………………………………………

Date: ………………………………………………………………………

Lafarge Zambia Step up Graduate trainees

SHAREHOLDERS ATTENDANCE REGISTER

SHAREHOLDER NAME	DETAILS/PROXY	NUMBER OF SHARES
SANLAM LIFE INSURANCE (Z) LTD	PRUDENCIA NGOSA/ MUMBA MUSUNGA	1,068
STANDARD CHARTERED ZAMBIA SECURITIES SERVICES NOMINEES LIMITED	DOROTHY MOONO	5,909,127
STANDARD CHARTERED ZAMBIA SECURITIES SERVICES NOMINEES LIMITED	DOROTHY MOONO	421,058
STANDARD CHARTERED ZAMBIA SECURITIES SERVICES NOMINEES LIMITED	DOROTHY MOONO	500
STANDARD CHARTERED ZAMBIA SECURITIES SERVICES NOMINEES LIMITED	DOROTHY MOONO	1,000
STANDARD CHARTERED ZAMBIA SECURITIES SERVICES NOMINEES LIMITED	DOROTHY MOONO	500
STANDARD CHARTERED ZAMBIA SECURITIES SERVICES NOMINEES LIMITED	DOROTHY MOONO	7,088
STANDARD CHARTERED ZAMBIA SECURITIES SERVICES NOMINEES LIMITED	DOROTHY MOONO	1,800,000
STANDARD CHARTERED ZAMBIA SECURITIES SERVICES NOMINEES LIMITED	DOROTHY MOONO	345,436
STANDARD CHARTERED ZAMBIA SECURITIES SERVICES NOMINEES LIMITED	DOROTHY MOONO	5,701,106
STANDARD CHARTERED ZAMBIA SECURITIES SERVICES NOMINEES LIMITED	DOROTHY MOONO	10,500
STANDARD CHARTERED ZAMBIA SECURITIES SERVICES NOMINEES LIMITED	DOROTHY MOONO	740
STANDARD CHARTERED ZAMBIA SECURITIES SERVICES NOMINEES LIMITED	DOROTHY MOONO	584,000
STANDARD CHARTERED ZAMBIA SECURITIES SERVICES NOMINEES LIMITED	DOROTHY MOONO	204,286
SATURNIA REGNA PENSION TRUST FUND	PRUDENCIA NGOSA/ MUMBA MUSUNGA	3,493,663
KONKOLA COPPER MINE PENSION TRUST SCHEME	PRUDENCIA NGOSA/ MUMBA MUSUNGA	813,773
INDENI PENSION TRUST SCHEME	PRUDENCIA NGOSA/ MUMBA MUSUNGA	77,730
BARCLAYS BANK STAFF PENSION TRUST FUND	PRUDENCIA NGOSA/ MUMBA MUSUNGA	539,515
CEC PENSION TRUST SCHEME	PRUDENCIA NGOSA/ MUMBA MUSUNGA	205,827
STANBIC BANK PENSION TRUST FUND	PRUDENCIA NGOSA/ MUMBA MUSUNGA	199,541
SUN INTERNATIONAL PENSION TRUST SCHEME	PRUDENCIA NGOSA/ MUMBA MUSUNGA	21,432

SHAREHOLDER NAME	DETAILS/PROXY	NUMBER OF SHARES
LAFARGE CEMENT ZAMBIA PLC PENSION TRUST SCHEME	PRUDENCIA NGOSA/ MUMBA MUSUNGA	124,110
STANDARD CHARTERED BANK PENSION TRUST FUND	PRUDENCIA NGOSA/ MUMBA MUSUNGA	363,753
SANDVIC MINNING PENSION SCHEME	PRUDENCIA NGOSA/ MUMBA MUSUNGA	84,613
NATIONAL BREWERIES PENSION TRUST SCHEME	PRUDENCIA NGOSA/ MUMBA MUSUNGA	20,581
SCZ INTERNATIONAL LIMITED PENSION TRUST	PRUDENCIA NGOSA/ MUMBA MUSUNGA	14,346
CAVMONT BANK ZAMBIA PENSION TRUST SCHEME	PRUDENCIA NGOSA/ MUMBA MUSUNGA	23,794
BUYANTANSHI PENSION TRUST FUND	PRUDENCIA NGOSA/ MUMBA MUSUNGA	35,334
DIAMOND INSURANCE ZAMBIA PENSION TRUST SCHEME	PRUDENCIA NGOSA/ MUMBA MUSUNGA	2,000
AIRTEL ZAMBIA STAFF PENSION FUND	PRUDENCIA NGOSA/ MUMBA MUSUNGA	41,995
UTI ZAMBIA LIMITED STAFF PENSION TRUST SCHEME	PRUDENCIA NGOSA/ MUMBA MUSUNGA	4,548
YOUNG AND RUBICAM PENSION TRUST SCHEME	PRUDENCIA NGOSA/ MUMBA MUSUNGA	4,234
LUBAMBE COPPER MINES PENSION TRUST SCHEME	PRUDENCIA NGOSA/ MUMBA MUSUNGA	46,548
ECOBANK ZAMBIA LIMITED PENSION TRUST SCHEME	PRUDENCIA NGOSA/ MUMBA MUSUNGA	8,550
ZANACO PLC DC PENSION TRUST SCHEME	PRUDENCIA NGOSA/ MUMBA MUSUNGA	98,109
NATIONAL PENSION SCHEME AUTHORITY	ABIGAIL NGOSA	8,815,986
ZAMBIA SUGAR PENSION TRUST FUND	PRUDENCIA NGOSA/ MUMBA MUSUNGA	365,479
GOLDEN SUNSET PENSION FUND	PRUDENCIA NGOSA/ MUMBA MUSUNGA	9,179
HEALTH SECTOR GRANT AIDED INSTITUTIONS PENSION SCHEME	PRUDENCIA NGOSA/ MUMBA MUSUNGA	1,000
PAN AFRICAN CEMENT LIMITED	AHMED KHALIFA	100,219,992
FINANCIERE LAFARGE	JIMMY KHAN	49,806,444
ESTELLE MUKONDE	MASUZYO CHIRWA CHOBE	10,000
BRIAN BARNABAS MMEMBE	SHAREHOLDER	239
CATHLEEN CHUMA SOSOPI	SHAREHOLDER	116
BWALYA DAVIES CHABULA	SHAREHOLDER	284
MILDEN HALYUNGU CHOONGO	SHAREHOLDER	3,000

SHAREHOLDER NAME	DETAILS/PROXY	NUMBER OF SHARES
MUKELABAI SEAN	SHAREHOLDER	937
EMMANUEL NGULUBE	SHAREHOLDER	2,000
NYAMBE TAPELO	SHAREHOLDER	700
MAUREEN KAPEMBWA OLIVER	SHAREHOLDER	435
OSBERT NTINDA SIKAZWE	SHAREHOLDER	2,288
MUCHELEMBA MUPOTA	SHAREHOLDER	93
PEGGY SELLITAH CHIBUYE (DR)	SHAREHOLDER	576
LIEBENTHAL ROBERT AND OMPIE M	SHAREHOLDER	8,260
JACKSON MALUNDA	SHAREHOLDER	96
MAXWELL SINKOLONGO	MASUZYO CHIRWA CHOBE	2,300
MAYABA MUSHALWAYO	SHAREHOLDER	50
ANNA KAELA CHAONGOPA ZULU	SHAREHOLDER	286
PATSON KAKUBO	SHAREHOLDER	1,034
BOYD TEMBO	SHAREHOLDER	10,000
PATRICK GREGORY MWALE	SHAREHOLDER	6,100
CHARLES SAKALA	SHAREHOLDER	2,000
WANZIYA CHIRWA	SHAREHOLDER	2,639
RAJ DILIP KAPADIA	SHAREHOLDER	11,248
NAMWINGA TOWELA CHINTU (DR)	SHAREHOLDER	2,135
THOMAS ZULU (ADMIN FOR THE LATE LUFEYO ZULU)	SHAREHOLDER	5,000
MUTALE DELORES CHILANGWA CHISELA	SHAREHOLDER	1,000
GORDIAN C BOWA	SHAREHOLDER	1,100
DAVID KAPUMBA MUSHINGE	SHAREHOLDER	1,000
CYNTHIA KAOMA CHANGUFU (ADMIN FOR THE LATE JANE KALIKEKA MBEWE CHANGUFU)	SHAREHOLDER	1,000
CLEMENT LISULO SITALI	SHAREHOLDER	302

SHAREHOLDER NAME	DETAILS/PROXY	NUMBER OF SHARES
MAYABA MUSHALWAYO	SHAREHOLDER	50
EDWARD NONDO	SHAREHOLDER	3,500
ABRAHAM KAPUNGWE	SHAREHOLDER	747
CHARLES SOLIDI SAKALA	SHAREHOLDER	1,559
KANGWA MUKUKA MUTIMUSHI	SHAREHOLDER	3,000
ANNA LOLE CHIZOMA	SHAREHOLDER	1,000
NYAMBE TAPELO	SHAREHOLDER	700
MUKELABAI SEAN	SHAREHOLDER	937
VINCENT FRANCIS PHIRI	SHAREHOLDER	1,323
HELEN MUTINTA SAMATEBELE	SHAREHOLDER	603
GORDON MWANZA	SHAREHOLDER	2,544
KASALAPO LUNGU (ADMIN FOR THE LATE LUNGU JACKPORT NYAUNDE)	SHAREHOLDER	1,000
ELASTON NJOVU	SHAREHOLDER	1,000
ERNEST MUNDIA	SHAREHOLDER	76
KOWA BRIGHT SIULUTA	SHAREHOLDER	2,000
LITON MOZUMDER	SHAREHOLDER	302
MUKUKA MAPEMBA	STOCK BROKERS ZAMBIA	NA
BONIFACE MWAMBA	STOCK BROKERS ZAMBIA	NA
CHARLES MATE	STOCK BROKERS ZAMBIA	NA
SIFISO PHIRI	MEMBER OF STAFF	NA
MAZILA MWINGA	MEMBER OF STAFF	NA
PETROS BANDA	MEMBER OF STAFF	NA
JAMES KIRKPATRICK	MEMBER OF STAFF	NA
MWAPE CHISANGA	MEMBER OF STAFF	NA
JOEL MASOCHA	MEMBER OF STAFF	NA

SHAREHOLDER NAME	DETAILS/PROXY	NUMBER OF SHARES
KAREN JERE	MEMBER OF STAFF	NA
CHIBUYE NGULUBE	COMPANY SECRETARY	NA
MUTINTA KAVOTA	MEMBER OF STAFF	NA
CLAIRE CHIBESA KUNDA	MEMBER OF STAFF	NA
BUPE KASALOKA	MEMBER OF STAFF	NA
CHOOLWE NATALA LUNGU	MEMBER OF STAFF	NA
DAVID CHILUKA	MEMBER OF STAFF	NA
THECRA MILAMBO	MEMBER OF STAFF	NA
SAMUEL MUSUKWA	MEMBER OF STAFF	NA
GIFT NDANGA	MEMBER OF STAFF	NA
VICTOR MAAMBAH	MEMBER OF STAFF	NA
MISHECK MUJAJATI	MEMBER OF STAFF	NA
CHABOTA MATONGO	MEMBER OF STAFF	NA
AHMED KHALIFA	CFO	NA
JIMMY KHAN	CEO	NA
MUNAKUPYA HANTUBA	BOARD CHAIRMAN	2,000
FRANK MUNTHALI	BOARD MEMBER	2,203
MWELWA CHIBESAKUNDA	BOARD MEMBER	1,500
ALICE JERE TEMBO	AUDITOR	
MALAMA MILAMBO	AUDITOR	
VANESSA PHIRI		
MKHUZO MWACHENDE		
TSIBU BBHUKU		
MUKELABAI NDIYOYI		

Head Office
Farm No.1880, Kafue Rd,
PO Box 32639, Lusaka, Zambia
Tel: +260 211 367 400 / 600
Fax: +260 211 367 634
E-mail: enquiries.zambia@lafargeholcim.com
www.lafarge.co.zm / www.lafargeholcim.com