BUA Cement Plc RC1193879

Expanding Frontiers

ANNUAL REPORT & ACCOUNTS 2020

Content

Company Overview

Company Philosophy

Our Vision

To be a highly competitive market leader in Nigeria

Our Mission

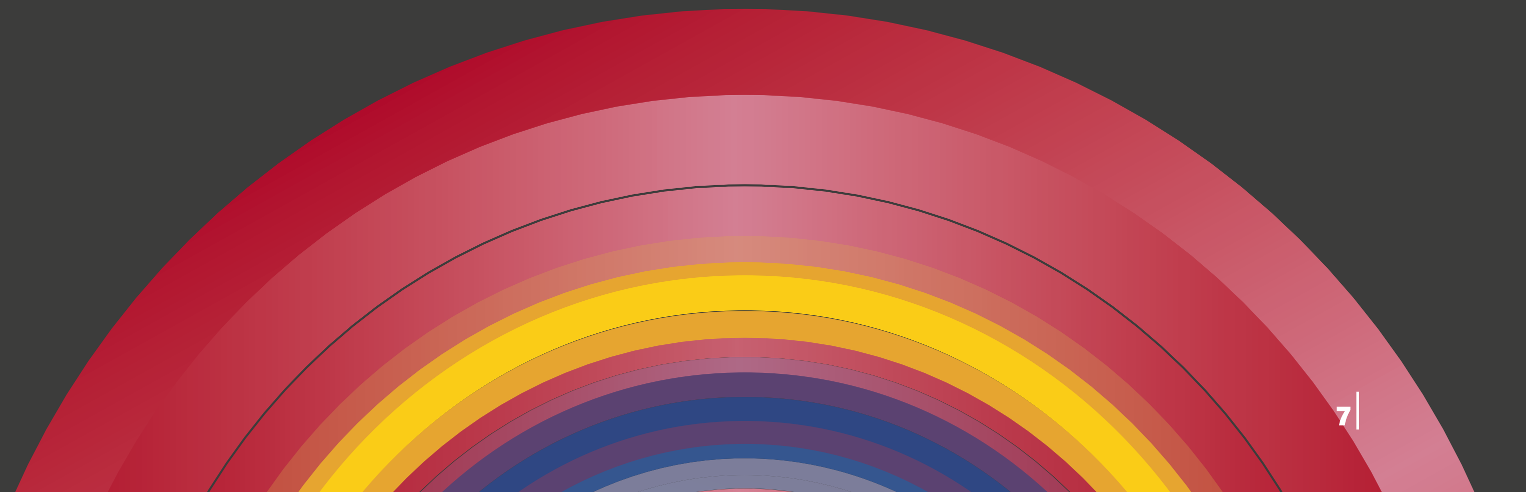
To produce and market high quality cement for national development

Our Value Proposition

We are a professional and easy to deal with supplier of premium brand of cement that provides reliable doorstep delivery to its customers and professional application training to the users of cement

Our Core Values

Respect | Innovation | Commitment | Excellence



2020: Performance Highlights

Operational performance highlights

Installed Capacity

Obu Plant Edo State
- 2015 3 MMTPA
- 2019 3 MMTPA
- TOTAL 6 MMTPA

Sokoto Plant Sokoto State
- 1985 0.5 MMTPA
- 2018 1.5 MMTPA
- TOTAL 2 MMTPA

Volume
- 2020 5,100 KT
- 2019 4,501 KT

Capacity Utilisation

>60%

Installed Power

Obu Line I and II
100MW
captive power plant

Sokoto Line I and II
48MW
captive power plant

Financial performance highlights

Revenue ₦209.4 Billion

EBITDA ₦96.8 Billion
2019 ₦81.9 Billion

Profit before tax ₦78.9 Billion
2019 ₦66.2 Billion

2020: Performance Highlights (cont.)

Sustainability performance highlights

Circular Economy

FOCUS **Drive the efficient management of resources**

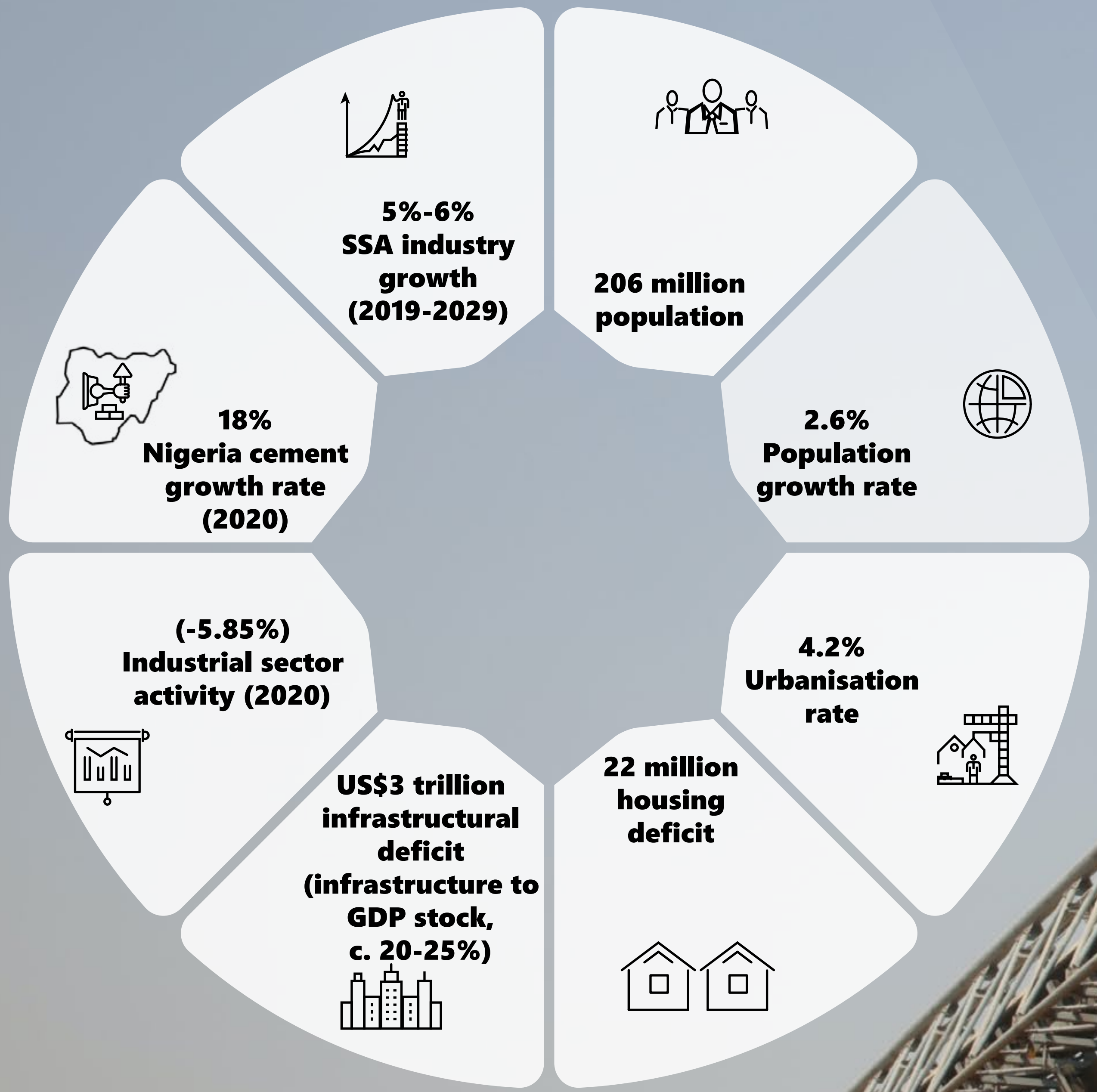
154 m³/day
Fresh water saved

Community

FOCUS **Bringing positive development to lives in host communities**

- Building of new sustainable community at Sabon Garin Gidan Bailu, Sokoto State including provisions of electricity, school, and healthcare facilities.
- Purchase and installation of six 500 kVA transformers for the Okpella community, Edo State.
- Donation of security patrol vehicles to support the existing security architecture at Okpella, Edo State.
- Funding of Sokoto Cement Schools (primary and secondary schools), Wurno Road, Sokoto State.
- Award of undergraduate scholarships to students studying engineering and science-based courses to promote innovation, breakthrough technologies and solutions.
- Donation of solar-powered boreholes at Okpella communities, Edo State.
- Access to clean water for communities located in Sokoto State.

Value Creation (2020 Macro-Economics)



Perfromance		
E^2GS		
System	**People**	**Processes**
Circular economy	Training & development	Database information system
Agile & adaptable systems	Open communication	
Innovation & technology		

Value Creation (Cement Consumption per Capita, CpC)

Countries[2]	CpC	Countries[3]	CpC
Benin	242kg	South Africa	223kg
Burkina Faso	113kg	Kenya	115kg
Cameroun	121kg	Egypt	474kg
Chad	45kg	Algeria	594kg
Cote d'Ivoire	175kg	Morocco	377kg
Ghana	228kg	Tunisia	618kg
Guinea	133kg	Algeria	594kg
Guinea-Bissau	117kg	Libya	728kg
Sierra Leone	94kg		
Senegal	287kg		
Togo	215kg	Global	523kg (2020f)
Niger	29kg	SSA[4]	108kg (2020f)
Mali	144kg	SSA	91kg (2019)
Mauritania	267kg	Nigeria[1]	111kg
Liberia	105kg		

The above table highlights estimate to cement consumption per capita for 2020f.

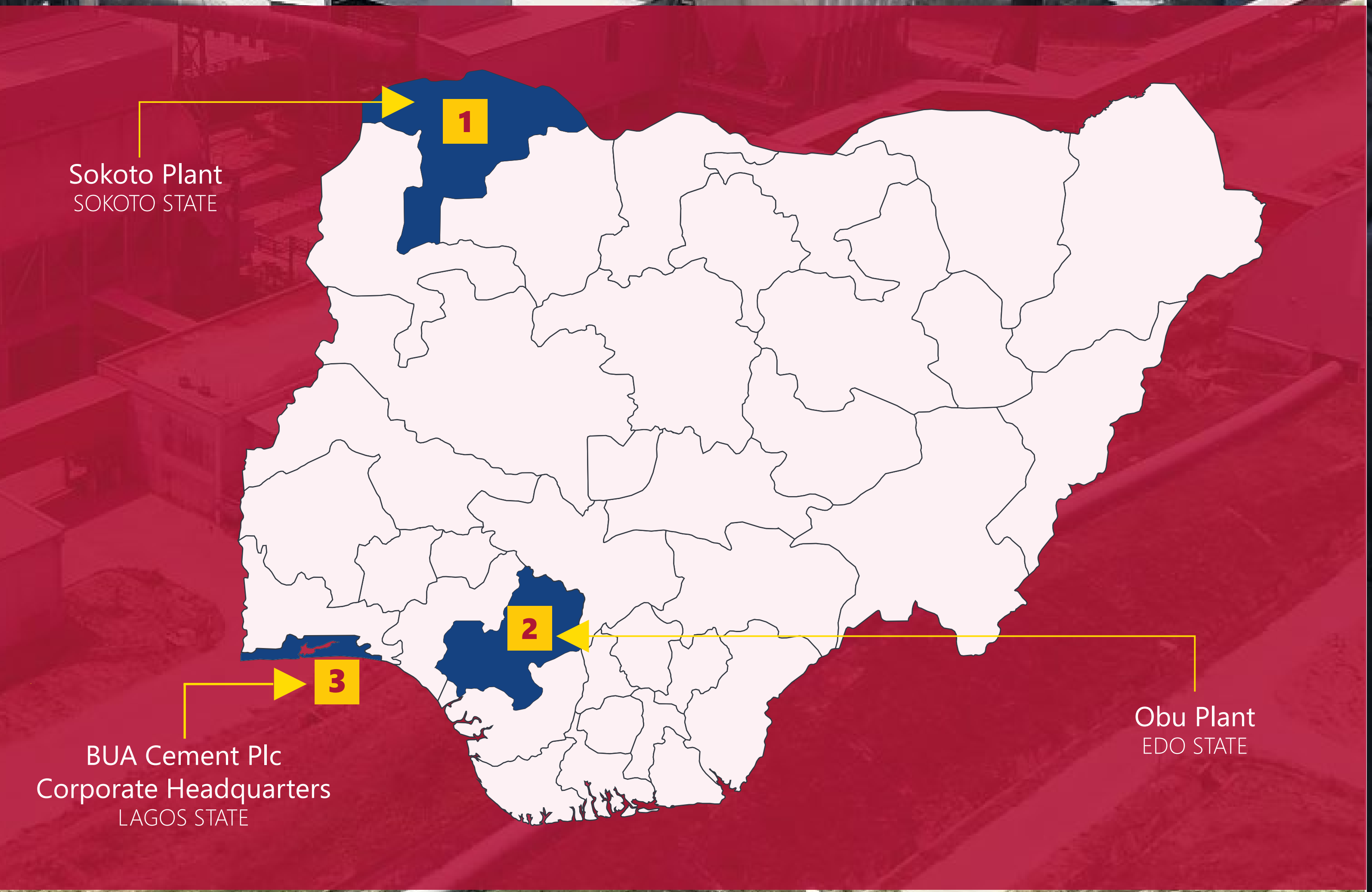
[1]Actual (2020) - 126kg.

[2]The countries above highlight the 2020f consumption per capita for western Sub-Saharan Africa.

[3]Highlights other countries particularly in North Africa.

[4]Projected SSA consumption at 108kg (2020f).

Our Locations



Chairman's Statement

> …my confidence in BUA Cement is made even stronger by the commitment of our people who have helped BUA Cement to succeed and compete favourably.

Welcome

Dear fellow stakeholders,

It gives me great pleasure to welcome you all to the 5th Annual General Meeting (AGM) of BUA Cement. This is accompanied by sober reflection; my prayers are with the families and loved ones of everyone who has been deeply affected by the Covid-19 pandemic. In 2020, the world faced incomparable difficulties in the form of a health crisis. Indeed, difficult times toughen us as a people and help us find our inner strength. I pray that in the face of personal and collective adversity, we shall prevail.

Over the course of last year, the pandemic revealed the faultless character of mankind, which is togetherness and altruism in moments of crisis; with many people having volunteered for medical trials, researchers and medical staff across the globe sharing knowledge, vaccines being developed at a pace previously thought inconceivable and businesses – such as ours, finding innovative ways to serve their customers.

At BUA Cement, we remained committed to the safety and wellbeing of our employees, customers, suppliers, partners, and our communities. We continued to provide much needed support to neighborhoods within and well beyond our operations through relief materials, we advocated for increased compliance with the practice of social distancing during the crisis.

As a Company, we also did not relent in growing our business sustainably, through our commitment to the environment alongside our focus on providing quality products that "perfectly" addresses the needs of customers, whilst matching the growing demand for our products and services.

Chairman's Statement (Cont.)

The Company has established a robust governance framework with the aid of a leading consultant. This has enhanced transparency, accountability and sustainability, which will strengthen the Company's corporate governance and ultimately its shareholder value.

The Economic Environment

The Nigerian economy re-entered a recession in 2020, overturning three years of recovery, due to a collapse in oil prices because of falling global demand and lockdown measures instituted to fight the spread of the Coronavirus. The lockdown mainly affected economic activities across the aviation, tourism, hospitality, manufacturing, and trade sectors.

Earlier, the African Development Bank and World Bank projected that Nigeria's economy would contract by 3.0% and 3.2% respectively. However, the mitigating measures contained in the Nigeria Economic Sustainability Programme in June 2020 played a key role in moderating the rate of contraction to 1.92% (as opposed to a positive growth rate of 2.27% in 2019).

In the course of the year, we witnessed a steady rise in price levels (inflation), fueled by higher food prices, arising from certain constraints on domestic supplies, insecurity and the pass-through effects of a 12.6% depreciation of Naira to ₦410.2/US$1 from ₦364.5/US$1 in 2019 on the Investors' & Exporters' (I&E) foreign exchange window. Furthermore, the partial removal of fuel subsidies, together with the increase in electricity tariffs added to inflationary pressures. Given the combined effect of these drivers, inflation rate rose to 15.8% in 2020 compared to 12.0% for the corresponding period ended December 2019. Besides, the Central Bank of Nigeria (CBN) cut its Monetary Policy Rate (MPR) by 200 basis points on two occasions to 11.5%, as part of attempts to reflate a weakening economy.

Business Operations

At BUA Cement, we remained focused on expanding our footprint in unique ways without endangering the lives of our people. In view of this, revenues grew by 19.3% to ₦209.4 billion compared to ₦175.5 billion in 2019, with volumes rising to 5.1 million tonnes (mt). EBITDA increased by 18.0% to ₦96.8 billion from ₦81.9 billion in 2019, with EBITDA margin being resilient at 46.2%. We also recorded a 19.4% growth in Profit after Tax (PAT) to ₦72.3 billion and a 19.6% rise in Earnings per Share (EPS) to ₦2.14 from ₦1.79, as at 2019.

In December, BUA Cement announced the signing of an agreement with CBMI, part of the Sinoma Group of China to raise its existing output capacity from a potential 11mmtpa to 20mmtpa with the construction of 3 additional lines, totaling 9mmtpa. In a bid to further enhance financial flexibility, liquidity and take advantage of the low yield environment, BUA Cement successfully issued its maiden corporate bond, which was oversubscribed and the sum of ₦115 billion raised, to become the largest corporate bond issue in the history of Nigeria's debt capital market. The proceeds from the Bond were used to finance the ongoing expansion of the 3mmtpa, line-3 plant at Kalambaina, Sokoto State alongside working capital enhancement.

In view of our sustained performance, the Board has recommended for your approval a dividend of ₦2.067 per ordinary share. If approved at the Annual General Meeting on 8 July 2021, it will be payable to shareholders whose names appear on the Company's register by close of business on 18 June 2021 and will be paid before the close of business on 8 July 2021.

Developments During the Year

Board changes

The Board approved the appointment of Mr. Jacques Piekarski, Chief Financial Officer, as Executive Director, effective October 2020. We welcome him to the Board, look forward to his positive contributions derived from years of experiences across diverse sectors and we wish him well in his role.

Sustainability initiatives

As a responsible organisation concerned about the welfare of our communities, we constantly reflect on how we can enhance the commonwealth and condition of these communities differently, in the simplest of ways. For example, we imagine a world where individuals and businesses can work together as we presently are doing, in tackling the challenges exacerbated by the pandemic, particularly those that concern poverty, disease, social development and climate change.

With sustainability being one of our priority areas annually, BUA Cement maintained its sustainability initiatives, in line with the United Nations Sustainable Development Goals (UNSDGs). We focused on improving on existing targets such as, reducing our carbon dioxide (CO_2) and dust emissions, prioritising the existing circular economy through improvements in

Chairman's Statement (Cont.)

water usage and conservation per day and enhancing energy efficiency, whilst identifying new progress areas.

To mention some specific initiatives, we have made remarkable progress in efforts aimed at introducing the use of Liquefied Natural Gas (LNG) to our operations at Kalambaina, Sokoto State. With this move, we are not only set to become the first Company to explore the advantages of this fuel source but also, we would achieve greater cost efficiency, as well as a reduction in our carbon footprint. This makes us one of the few companies on the continent to have its emission threshold below international standards and in line with international best practice.

Furthermore, we have built for the members of the Sabon Garin Gidan Bailu community in Sokoto State, a new, resilient and sustainable community, which caters to their most important needs such as: a hospital, a school, access to electricity, pipe-borne water etc. We also provided communities in Sokoto, Sokoto State and Okpella, Edo State with access to clean and safe water; continued and expanded our undergraduate scholarship awards to deserving and distinguished students; strengthened the security architecture of the Okpella community with the donation of two (2) patrol vehicles, donated and installed six (6) 500 kVA transformers and leveraged on the platform provided by the Edo State Skill Acquisition Program to equip 20 women every year with basic training in vocational skills, among many other initiatives.

Outlook

The year has tested our collective strength but most importantly, highlighted the resilience of BUA Cement. I am convinced that BUA Cement has a bright future and remains a compelling investment case. The strength and clarity of our strategy will enable us to succeed as a business in the transition to post Covid-19 normalcy. We will continue to chart our progress by generating value for shareholders, employees, communities, customers and investing in innovative projects that help address the unabated demand for cement. In turn, this will support supply chains and boost local economies.
I would like to thank our entire workforce for their courage in a time of hardship. We could not have maintained the strong momentum recorded, without the collective efforts of our people and the leadership of the Board and management team. We look forward to the commissioning of the Kalambaina Line-3, which will add 3mmtpa to the existing 8mmtpa in 2021. Furthermore, we look forward to reporting our progress regarding the ongoing construction of additional production lines, which would further raise our existing capacity from 11mmtpa in 2021 to 20mmtpa by 2022. We believe this is a positive step in the right direction, considering the insatiable and sustained demand for cement, which has led to exorbitant prices, to the detriment of builders and potential home owners.

The Covid-19 pandemic still poses restrictions to business activities in Nigeria and countries around the world, with some nations maintaining curfews and partial lockdowns to curb the spread of this virus. The uncertainties and challenges ahead will continue to be our cue to create and implement innovative responses, including ways to prioritise safety amid enhanced productivity.

Closing Remarks

Fellow stakeholders, my confidence in BUA Cement is made even stronger by the commitment of our people who have helped BUA Cement to succeed and compete favourably. When the pandemic struck, and lockdowns became inevitable, our people rose to the challenge. The courage and dedication showed and still shown by our workforce in the face of the virus is remarkable. They continue to innovate and deliver products that build communities, while preserving our environment and now are looking to expanding frontiers that should leave you all even more pleased, when we meet again next year.

I thank you all for reading our annual report, for your continued support and hope that you will continue to keep safe.

Yours Faithfully,

Abdul-Samad Rabiu, CON
Chairman of the Board
BUA Cement Plc

31 May 2021

Interview with the Managing Director / Chief Executive Officer

"BUA Cement is committed to expanding its footprint into markets within and outside Nigeria. The commencement of AfCFTA provides boundless opportunities because of the potential involvement of 1.2 billion Africans, spanning 54 nations, with a combined GDP of about US$2.5 trillion; thereby actually increasing intra-African trade by up to 52.3%."

Operating Environment/Operations

Question: What has been the impact of the Covid-19 pandemic on the Company's business and how did BUA Cement respond?
Answer: In response to the pandemic, BUA Cement took the proactive approach to protect its people, customers and stakeholders by providing and ensuring the use of personal protective equipment, ensured thermometers and sanitisers were deployed in strategic points across our offices and discouraged long distance travels unless unavoidable, with the staff adhering to stipulated guidelines. Also, we reduced the staff strength reporting physically to work, in-line with requisite guidelines and prioritised virtual interactions among colleagues, partners, customers, and vendors. The rigorous implementation of our Business Continuity Plan ensured our supply chains were further strengthened to avoid supply disruptions in the event of a prolonged lockdown, while we also worked closely with our customers to avoid situations where they met with stock-outs. With the easing of the restrictions, we quickly adapted our operations to the "new normal". This ensured we were in tune with our partners across the globe. Finally, we sensitised and made donations to host communities, in our bid to alleviate the effects of the virus.

Overall, because of these measures we were able to minimise the impact of the pandemic on our operations. We will continue to implement our Business Continuity Plan which seeks to prevent and protect the organisation against probable threats.

Question: What impact has the depreciation of the Naira had on the business including raw materials purchases and some of its ongoing projects? What should we expect in terms of cost dynamics going forward?
Answer: The depreciation of the Naira did have some impact on our operations, though a significant proportion of our mining costs is Naira denominated, except for a few production inputs, such as gypsum, fuel and spare parts. The most significant impact of the Naira depreciation was from the cost of energy, which is linked to the US dollar and should invariably have great implication on consumers, in terms of price. However, we did not effect any price increase to customers, as we fully absorbed the effect of the depreciation.

In terms of our cost dynamics going forward, we do not expect downside changes to the cost profile. Rather and in keeping with our values-excellence, continuous improvement and innovation, we would seek avenues to be more efficient while also exploring alternative fuel sources, such as Liquefied Natural Gas (LNG).

Interview with the Managing Director / Chief Executive Officer (Cont.)

Question: What is the Company's average capacity utilisation in 2020 as compared to 2019?
Answer: We continue to maintain a capacity utilisation rate well-above 60%.

Question: Energy costs increased by 18.6% y-o-y in FY 2020. Did the devaluation of the Naira, decline in crude oil price, and FX challenges in the country have any bearing on this cost? What other factors impacted this increase? Does this have anything to do with the energy mix?
Answer: Yes, our energy costs did go up in 2020, due to higher pricing, as economies opened up and economic activities gradually returned; together with the Naira's devaluation. If you recall, our Business Continuity Plan had allowed us stockpile on vital input sources. But we took the strategic decision to restock once economies started re-opening. This was in view of the re-occurring wave of the virus and the possibility of prolonged lockdowns.

Question: Finance costs declined by 28.3% y-o-y in FY 2020 while short-term borrowing and long-term borrowing increased y-o-y. Is this impacted by the loan restructuring exercise embarked upon in Q3 2020?
Answer: The decline in finance costs was due to the refinancing of existing loans, as we took advantage of the low interest rate environment. In addition, we approached the capital market to access cheaper funding via the bond market. The bond issue which was a tremendous success became the largest corporate bond issue in the history of Nigeria's debt capital market. This of course is a validation of the BUA Cement brand and its place in the Nigerian Cement Industry.

Question: Trade and other receivables rose significantly y-o-y in FY 2020. The increase was driven mostly by increase in other receivables and some advances to suppliers. How is the Company managing its receivables? Is there any concern about debtor receivable period due to this increase?
Answer: The Company manages its receivables very well. All sales are made against deposits. Other receivables rose in 2020 due to some bond issue proceeds in transit. If you recall, we opened the offer in December 2020 and it would be completed in the New Year.

Strategy

Question: What is the Company doing to take advantage of the regional export opportunities through the African Continental Free Trade Agreement (AfCFTA)? How does this fit into the Company's expansion strategy in the short and long term?
Answer: BUA Cement is committed to expanding its footprint into markets within and outside Nigeria. The commencement of AfCFTA provides boundless opportunities because of the potential involvement of 1.2 billion Africans, spanning 54 nations, with a combined GDP of about US$2.5 trillion; thereby actually increasing intra-African trade by up to 52.3%. In view of the emergence of this economic union, Nigerian manufacturers and service providers can connect with regional and continental value chains and customers. More importantly, AfCFTA would expand market access for Nigeria's exporters, thereby, stimulating economic growth alongside attendant multiplying effects. BUA Cement is well positioned to take advantage of these opportunities, given the limited number of integrated cement plants in West Africa due to limited limestone deposits, the expected rise in urbanisation rates and the continued housing and infrastructural deficits.

Question: What is the Company's mid-term expansion strategy for Nigeria and Africa?
Answer: Our mid-term expansion strategy is underpinned by competitiveness and filling the existing supply gap, which is driven by: low cement consumption per capita in Nigeria, compared to some other African countries; her population size; urbanisation rate and housing and infrastructural deficit.

In view of these, BUA Cement signed an agreement in December 2020 with CBMI, a member of the Sinoma Group for the construction of an additional 9mmtpa in Nigeria. Once completed, this will bring the total installed capacity to 20mmtpa. We expect African countries to benefit from the expansion strategy, as respective governments execute on their development policies, particularly post Covid-19.

Governance

Question: The Company is making more commitment towards sustainability; can you talk us through the Company's sustainability activities embarked on in FY2020 and other ongoing sustainability efforts?
Answer: We are a sustainability-led Company guided by the United Nations Sustainable Development Goals (UNSDGs). In 2020, we focused on improving on existing goals whilst identifying new areas for improvement. For example, we have invested in efforts aimed at supporting our transition to LNG, a cleaner energy fuel source at our Sokoto plant. This will be used to replace a significant portion of the solid and liquid fuel requirements for both the kiln and power plant respectively. Furthermore, we were involved in the provision of clean water to communities, electrification schemes in host communities, scholarship awards to well-deserving students at the undergraduate level and continue to assume the full responsibility for the funding of a basic and post-basic school.

Interview with the Managing Director / Chief Executive Officer (Cont.)

Particularly, we built a new, sustainable and resilient community fully equipped with a school, a clinic, electricity, water etc. We focused our continued attention on our environmental circular flow model, prioritizing water usage and conservation alongside energy efficiency and reduction in emissions. In 2020, our dust particulate emission remained below standards at 15mg/m^3 while attaining a 0.4% and 0.3% reduction in CO_2 emission and energy efficiency, respectively.

Question: Can you provide an update on how the Company's risk management system is mitigating risks to the business?
Answer: BUA Cement has an enterprise-wide risk management framework that underpins how we appraise risks with the Board ensuring proper alignment of policies and procedures between the overall strategy and risk appetite. We adopt a top-down, bottom-up approach to the identification and management of risk and this is led by the various members of the Management's Risk Committee, drawn from various units across the Company.

The Risk Management Committee discusses with various risk owners to mitigate or take advantage of possible risk areas, pertaining to probable impacts. Our Enterprise-wide risk management framework is fully aligned on the new Risk Management Policy issued in 2020. The Management's Risk Committee provides regular reports to the Board's Risk Management Committee. During the year, the Risk Management Committee, focused on a wave of events across the domestic and international environments, alongside their implications for the business, particularly, given the outbreak of the Covid-19 virus and its impact on the government, businesses and individuals. Additionally, the Committee considered the impact of protectionism, as a rising economic policy and the emergence of the African Continental Free Trade Agreement (AfCFTA).

Question: What is the Company's plan to meet the free float requirement of the NGX Exchange (formerly Nigerian Stock Exchange)?
Answer: BUA Cement is in compliance with the free float requirement of the Nigerian Exchange (NGX), though plans are underway to make additional shares available to members of the investing public.

Financial Performance

Question: How profitable were the operations of BUA Cement in FY 2020 and what were the drivers?
Answer: Let me start by saying, we are a value–driven oriented Company that prioritises excellence. BUA Cement is a viable business, with reported revenue of ₦209.4 billion compared to ₦175.5 billion in 2019. This was driven by increased volumes dispatched, which rose by 13.3% (y-o-y) to 5.1 million tons, resulting from a growing appreciation of our products by cement users. Similarly, EBITDA increased by 18.0% to ₦96.8 billion from ₦81.9 billion in 2019, while EBITDA margin remained resilient at 46.2%. We recorded 19.4% growth in profit after tax to ₦72.3 bilion from ₦60.6 billion alongside a 19.6% increase in earnings per share to ₦2.14 from ₦1.79 in 2019.

Question: Given that your margins are quite high, do you think you can continue to sustain them or grow them, in view of the competitive environment?
Answer: We believe margins are sustainable despite the very competitive landscape. Our value proposition, in terms of product and service support offerings has positioned BUA Cement as a market leader. In addition, we would prioritise innovation and continued improvement, thereby ensuring the continued "fit" of our products to ever-changing customer demands/needs, while investing in the latest plant designs which would not only drive efficiency but translate value addition to our customer through the cost savings derived.

Outlook

Question: Can you talk us through the BUA Cement's expansion plan and how the Company intends to finance it?
Answer: In December 2020, we signed an agreement with CBMI, a member of the Sinoma Group for the construction of 3 additional lines totaling 9mmtpa, thereby potentially raising our output stock to 20mmtpa. We intend financing these projects through a combination of internally generated revenue and debt.

Question: What does the Company's outlook for cement demand for 2021 look like?
Answer: We expect cement demand in 2021 to remain strong and led by continued private sector growth.

Yusuf Binji
Managing Director
BUA Cement Plc

31 May 2021

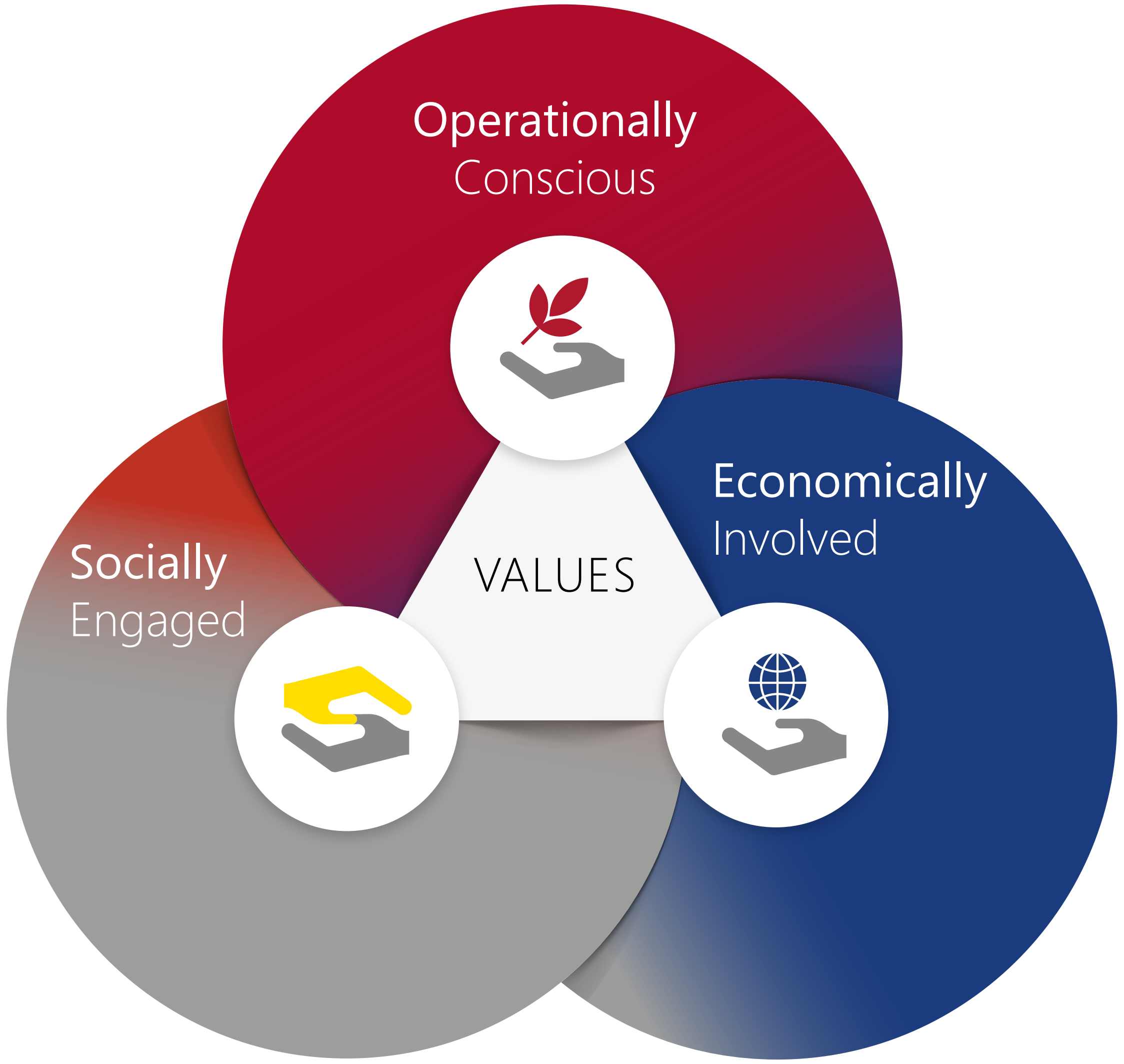
Sustainability

Approach to Sustainability

At BUA Cement, we find our purpose in creating invaluable offerings that not only solve challenges in housing and infrastructure but also go a long way to support economic empowerment and national development.

Since our establishment, we have remained committed to national and economic development in Nigeria and indeed Africa, through our operational activities and social initiatives. Through these, we ensure that we continue to lead the discussion about Africa's potential in the world.

Our keenness to see a prospering Africa further obligates us to prioritise quality and innovation, ensuring our product offerings maintain the expected level of value, while tailoring our service to the uniqueness of our diverse customer portfolio.



How We Win

In recent years, the continent, with Nigeria at the centre, has witnessed record high urbanisation rates, though with continued housing and infrastructure deficits; arising from low commodity prices, revenue shortfalls and by extension, low GDP per capita.

During the year, we witnessed the outbreak of the Covid-19 virus which exacerbated existing pressures on government finances, disrupted communities and livelihoods, exposed the fragility of the healthcare sector and buttressed the need to strengthen and improve the educational sector.

Given these challenges, we constantly ask ourselves, how best can we drive value? Thus, impacting societies, positively.

To answer this important question, we have adopted an inside–out, three-pronged approach, which ensures we are:

Socially Engaged

We understand that our success depends on the success of others. By being socially engaged through volunteering and community enriching initiatives, we not only empower individuals and communities through diverse programme, trainings and projects but also ensure we have a pathway to consistently pursue our mission of promoting economic development across Nigeria and Africa.

What did we do?

In the course of the year, we provided and installed six 500 kVA transformers to our neighbouring communities. In addition, we provided solar powered boreholes to host communities; patrol vehicles to support the existing security architecture at Okpella, Edo State and provided the people of Gidan Bailu in Sokoto State with a new safe, sustainable, resilient community, fitted with a school a fully equipped clinic; access to pipe borne water; electricity etc., in-line with the United Nation's (UN) Sustainable Development Goal 11 (SDG 11).

We continue to support the Sokoto Cement Schools at Wurno Road, Sokoto State with full funding, while also providing scholarships to undergraduates who intend to, or who are currently pursuing engineering or other science-based courses; all in our bid to promote innovation and technological advancement. To date, BUA Cement has provided over 100 educational scholarships grants to meriting students in tertiary institutions.

The outbreak of the Covid-19 virus brought with it an unprecedented level of disruption both globally and locally, as families and communities had to adhere to strict lockdown measures instituted by governments to curb the spread of the virus. Reflecting our commitment to responsible citizenship, we provided host communities with monetary donations along with physical protective equipment, such as face masks, sanitisers etc. For us, the sanctity of life and the well-being of that life are an indelible and key part of BUA Cement's ethos.

How We Win (Cont.)

Operationally Conscious

What we do and how we do it, are important considerations to us. Towards this, we offer cement qualities that offer more value for less and which gives the "best-fit" to customers' requirements. Through our compliance with required local and international standards, we ensure that our activities have minimal impact on the environment through strict adherence to emission standards; reduced freshwater usage, through water storage and recycling and the rehabilitation of decommissioned quarry sites etc., all bound by our corporate governance framework.

What did we do?

Specifically, our plant designs adopt the use of closed circuit systems for heat recovery. With this system, we can recover heat generated during the kiln clinkerisation process for further use during calcination at the calciner, resulting in reduced direct thermal emission (the burning of fossil fuel to heat the kiln), which accounts for ~40% of total emissions among cement manufacturers globally and also reduce heat emitted into the atmosphere. Equally, as we continue to seek out ways of reducing our greenhouse footprint on the environment, our choice of gas as a primary energy source, has resulted to less carbon emission.

Our dust particulate emission remained below the international benchmark at 15mg/Nm with our carbon emission at 504kg//TCEM.

Economically Involved

By successfully executing on our initiatives, we drive economic development through its multiplier effects. Hence achieving equality and shared prosperity for all.

What did we do?

Towards achieving our identified goals, BUA Cement continues to employ and train graduate trainees from host communities, in the field of engineering; this is in addition to ensuring that host communities (locals) are accorded preference(s) for both skilled and unskilled labour.

Sustainable Developmental Goals

We are committed to the United Nation's Sustainable Development Goals (SDG's). In fulfilment of this commitment, we highlight the activities embarked upon in 2020, particularly how it reinforces each of the goals.

NO POVERTY

END POVERTY IN ALL ITS FORMS EVERYWHERE

BUA Cement continues to provide employment opportunities to members from host communities while also promoting capacity building programs and grants.

BUA Cement donated the sum of ₦200 million to the Okpella community for the execution of various community projects, which were made known to the Company.

BUA Cement is leveraging on the platform provided by the Edo State Government Skill Acquisition Program to avail 20 women the opportunity to acquire skills in sewing and fashion designing annually. Upon the completion of their programs, BUA Cement will provide start-up packs to the graduating students and all the facilities needed to put the acquired skill to use. This programme is expected to commence in 2021.

NO HUNGER

END HUNGER, ACHIEVE FOOD SECURITY, IMPROVE NUTRITION AND PROMOTE SUSTAINABLE AGRICULTURE

In partnership with our associate companies, we donated food items to COVID-19 impacted communities during the year.

GOOD HEALTH AND WELL-BEING

ENSURE HEALTH AND WELL- BEING FOR ALL

We provided and equipped hospitals and health centres in host communities; thereby promoting wellness of members within the communities.

BUA Cement made cash donations and provided personal protective equipment to host communities during the COVID-19 outbreak.

QUALITY EDUCATION

ENCOURAGE QUALITY EDUCATION AND LIFELONG LEARNING

BUA Cement is responsible for the full financing of the Sokoto Cement schools at Wurno Road, Sokoto State.

Every year, 50 undergraduate scholarships are granted to students from Kebbi, Sokoto and Zamfara States, studying engineering and science-based courses. An additional fund was set-up at Okpella, Edo State to award scholarships to 100 students in tertiary institutions annually. This is expected to commence in 2021.

Sustainable Developmental Goals (Cont.)

GENDER EQUALITY

ENSURE GENDER EQUALITY AND EMPOWER ALL WOMEN AND GIRLS.

REDUCE INEQUALITIES BETWEEN AND AMONG COUNTRIES

BUA Cement continues to give priority to women in our recruitment process. In addition, we maintained the pathway, which provides leadership opportunities to women.

We partnered with the BUA Foundation to provide relief materials to communities impacted by the Covid-19 virus.

CLEAN WATER AND SANITATION

ENSURE AVAILABILITY AND SUSTAINABLE MANAGEMENT OF WATER AND SANITISATION

We provided potable pipe borne water by providing six boreholes to host communities.

AFFORDABLE AND CLEAN ENERGY

ENSURE ACCESS TO RELIABLE, SUSTAINABLE, AND MODERN ENERGY

Donated and installed six units of 500 kVA transformers to the Okpella community.

DECENT WORK AND ECONOMIC GROWTH

PROMOTE SUSTAINED, INCLUSIVE, AND SUSTAINABLE GROWTH

We ensured inclusive growth by paying competitive wages to our staff alongside other benefits.

We provided grants to members in host communities, as part of capacity building initiatives.

INDUSTRY, INNOVATION AND INFRASTRUCTURE

BUILD RESILIENT INFRASTRUCTURE, PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALISATION AND FASTER INNOVATION

We continue to invest in our business, allowing us to strengthen our value proposition, operate efficiently, and cater to the growing cement consumption.

During the year, we announced the construction of three 3mmtpa lines in Adamawa, Edo, and Sokoto States.

SUSTAINABLE CITIES & COMMUNITIES

MAKE COMMUNITIES SAFE, RESILIENT, AND SUSTAINABLE

BUA Cement constructed new, sustainable and resilient communities at Sabon Garin Gidan Bailu, Sokoto State, which included a school, administrative blocks, hospital, pipe-borne water, cash donations, etc.

Sustainable Developmental Goals (Cont.)

LIFE BELOW WATER

CONSERVE AND SUSTAINABLY USE THE OCEANS, SEAS AND MARINE RESOURCES FOR SUSTAINABLE DEVELOPMENT

We ensured our mining operations do not excessively use up freshwater or contaminate water sources through recycling and efficient disposal.

LIFE ON LAND

PROTECT, RESTORE AND PROMOTE SUSTAINABLE USE OF TERRESTRIAL ECOSYSTEM

We have set in place modalities to restore quarry sites after decommissioning into habitable dwelling environments.

PEACE, JUSTICE AND STRONG INSTITUTIONS

PROMOTE PEACEFUL AND INCLUSIVE SOCIETIES FOR SUSTAINABLE DEVELOPMENT, PROVIDE ACCESS TO JUSTICE FOR ALL AND BUILD EFFECTIVE, ACCOUNTABLE AND INCLUSIVE INSTITUTIONS AT ALL LEVELS

We are an organisation that seeks peaceful co-existence in host communities.

Our corporate governance framework is set out to achieve accountability, in-line with international best practices.

The Company provide the Okpella community with two patrol vehicles to strengthen the existing security architecture in the community.

As we journey through an ever-changing world, met with unprecedented challenges and opportunities, we are fully aware that the acceptable standards today will become inadequate tomorrow. Given this mindset, we remain committed to reducing the negative impact of our activities on the environment while increasing our positive influences on the society, by constantly searching out better alternatives, initiatives, and avenues to make the most meaningful of impacts.

Corporate Governance Report

Introduction

The Board of BUA Cement Plc ("the Company" or "BUA Cement") is pleased to present the corporate governance report, which provides insight into the Company's governance structure as well as its compliance with the relevant corporate governance codes guiding good corporate governance practices in Nigeria. This report pertains to the principal activities of the Company for the 2020 financial year.

BUA Cement recognises that a sound corporate governance culture is central to maintaining the trust and confidence placed in the Board by the shareholders, customers, suppliers, employees, regulators and the entire public. This also ensures delivery of long-term share value and consistent good returns on investment. As part of the Company's growth strategy, strong governance framework is in place to safeguard the shareholders' investment. The Board is the main driver of the Company's corporate governance practices and has established a governance framework (Board Charter, Board Committees' Charters and other Governance Policies) in line with international best global practices, relevant Codes of Corporate Governance and the post listing requirements of the Nigerian Stock Exchange.

BUA Cement's corporate governance processes and policies are founded on the pillars of accountability, efficiency and effectiveness, fairness, responsibility, transparency and independence. The Company's governance structure ensures that Managers at every level are held accountable and stakeholder views are taken seriously. To ensure good corporate governance practices, the Company continues to review its governance processes from time to time to align with the various applicable local legislation and international best practices.

The Board

The Board is the highest governing authority within the Company. It is accountable to the Shareholders to create and deliver sustainable value through the management of the Company's business. Directors of the Company possess the right balance of expertise, skills and experience, which translates to an effective Board and a Management team capable of steering the affairs of the Company in an ever changing and challenging environment. The responsibilities of the Board are clearly outlined in the Board Charter, highlights of which are as follows:

1. To oversee the continuous implementation of corporate governance principles and guidelines within the Company.
2. To approve the Company's strategy and make decisions on capital structure and allocation.
3. To consider and approve the Succession Plan for the Board and Senior Staff of the Company.
4. To review and approve compensation policy for the Company and make decisions relating to the appointment, promotion or termination of Senior Management staff.
5. To ensure that the Company maintains a sound system of internal controls to safeguard the investment and assets of the Company.

The Board is responsible for the efficient operation of the Company and ensures that the Company fully discharges its legal, financial and regulatory responsibilities. The Board delegates the operational management of the Company's businesses to the Managing Director who reports to the Board and who can sub-delegate any of his duties as appropriate.

The Delegation of Authority Matrix approved by the Board defines the relevant approving entity (Managing Director, Board or Shareholders) for various transactions and business decisions for the Company, including authority to commit to a transaction or risk.

Composition of the Board

As at 31 December 2020, the Board is composed of eight (8) Directors that are diverse with skills in manufacturing, engineering, business, finance and law. The Directors consist of six (6) Non-Executive Directors, two of whom are independent and two Executive Directors, one of whom is also the Managing Director / Chief Executive Officer. This is in alignment with global best practice that encourages a higher percentage of Non-Executive Directors to Executive Directors. All Directors are distinguished by their high level of competencies, business and commercial experience, integrity and independence of opinion.

The Executive Director Finance, also the Chief Financial Officer, was appointed effective from 2 October 2020 in the course of the financial year ended December 31, 2020. There were no other changes to the Board's composition during the year.

Corporate Governance

Corporate Governance Report (Cont.)

The Chairman and The Managing Director/Chief Executive Officer

The roles of the Chairman and The Managing Director/Chief Executive Officer of the Company are distinct and not occupied by the same person. The Chairman's main responsibility is to lead and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. He is also responsible for the overall operation and governance of the Board, management of the Board's business and setting of the Board agenda in consultation with the Managing Director/Chief Executive Officer and the Company Secretary.

The Chairman also facilitates the contribution of other Directors, promotes effective relationships, and open communication between the Executive and Non-Executive Directors, both inside and outside the Boardroom. The Managing Director/Chief Executive Officer executes the powers delegated to him in accordance with guidelines approved by the Board of Directors and is responsible for coordinating the day-to-day activities of the Company.

The Company Secretary

The Company Secretary and General Counsel provides support, governance advice and guidance to the Board and the individual Directors, on their powers, duties and responsibilities. The Company Secretary ensures that all regulations and procedures for the conduct of the affairs of the Board are complied with at all times. The Company Secretary also serves as the Secretary to all the Board Committees and the Statutory Audit Committee and attends all the meetings of the Board and the Committees.

Board Appointment Process

The Governance, Establishment and Remuneration Committee ("Governance Committee") is responsible for continuously reviewing the qualities and skills needed to complement the Board. Upon the recognition of an exit or vacancy on the Board, the Governance Committee develops and documents specifications of the skills, personal attributes, knowledge and experience required to fill the gap.

The Governance Committee then interviews prospective candidates, comparing their experience with the specifications earlier identified and nominates prospective Directors.

Thereafter, the Board considers and approves or rejects the nominations presented by the Governance Committee.

A formal induction program is conducted for new Directors to ensure that they are adequately acquainted with the Board's practices and the Company's operations. In addition to an appointment letter documenting their roles and responsibilities, new appointees also receive copies of the Board Charter, Committee Charters, Other Approved Governance Policies and the Company's Memorandum and Articles of Association.

All Directors are encouraged to continue to update their skills and knowledge on an individual basis while the Company provides additional training for Directors continuously. The training courses organised for Directors are geared towards giving the Directors a broader understanding and knowledge of the regulatory and competitive environment in which the Company operates.

Board Meetings

The Board meets quarterly in accordance with the approved Annual Calendar of Board meetings to perform its oversight function and to monitor the performance of management. Special Board meetings are scheduled whenever business exigencies arise which require the urgent attention of the Board. Between meetings, the Board maintains regular contact with Management.

All Directors are provided with notices, agenda and meeting papers in advance of each meeting to enable Directors adequately prepare for the meeting. Where a Director is unable to attend a meeting he/she is still provided with the relevant papers for the meeting. Such a Director also reserves the right to discuss with the Chairman any matter he/she may wish to raise at the meeting. Directors are also provided with regular updates on developments in the regulatory and business environment.

The Board met six (6) times during the period under review.

Corporate Governance Report (Cont.)

Attendance Register of the Members of the Board for the year ended December 31, 2020:

Name of Director	Date of meeting and attendance					
	28/01/20	12/05/20	03/06/20	29/07/20	21/10/20	10/12/20
Abdul-Samad Rabiu, CON.	P	P	P	P	P	P
Yusuf Binji	P	P	P	P	P	P
Chimaobi Madukwe	P	P	P	P	P	P
Kabiru Rabiu	P	P	P	P	P	P
Finn Arnoldsen	P	P	P	P	P	P
Khairat Gwadabe	P	P	P	P	P	P
Shehu Abubakar	P	P	P	P	P	P
Jacques Piekarski	*	*	*	*	P	P

P = Present
*Appointed with effect from 2 October 2020

Board Committees

In addition to the Statutory Audit Committee, the Board carries out its responsibilities through three Committees, which have clearly defined terms of reference, setting out their powers, tenure and responsibilities. The Committees include; Finance and General-Purpose Committee; Governance, Establishment and Remuneration Committee; and Risk Management Committee.

Through these Committees, the Board is able to effectively carry out its oversight responsibilities and take advantage of individual expertise to formulate strategies for the Company. The Committees render reports to the Board on their activities at Board meetings in accordance with the Board reporting matrix.

The Board retains responsibility for final decision making while committees are tasked with making recommendations on matters presented to them.

A. FINANCE AND GENERAL PURPOSE COMMITTEE

The Finance and General-Purpose Committee is responsible for reviewing and providing recommendations to the Board on matters relating to finance, strategy, capital and investment planning and budgetary performance. Its functions among others include:

a. Vetting the budget, audited and management accounts;

b. Reviewing the capital structure of the Company including any issue of share options or other securities, any share buy-back, and any other changes in the capital structure of the Company;

c. Reviewing contracts for capital projects beyond the approval limits of the management;

d. Periodically reviewing the Company's financial position including its liquidity.

The Committee held five (5) scheduled meetings in the year; the membership and attendance of the Committee are as shown in the table below:

S/N	Name	Designation	Date of meeting and attendance				
			07/05/20	02/06/20	20/07/20	20/10/20	09/12/20
1	Kabiru Rabiu	Chairman	P	P	P	P	P
2	Chimaobi Madukwe	Member	P	P	P	P	P
3	Shehu Abubakar	Member	P	P	P	P	P
4	Yusuf Binji	Member	P	P	P	P	P
5	Jacques Piekarski	Member	*	*	*	*	P

P = Present
*Appointed with effect from 2 October 2020

Corporate Governance Report (Cont.)

B. GOVERNANCE, ESTABLISHMENT AND REMUNERATION COMMITTEE

The Governance, Establishment and Remuneration Committee is responsible for reviewing and providing recommendations to the Board on matters relating to Nomination; Governance; Remuneration; Succession Planning; and Board Evaluation. Its functions among others include:

a. Overseeing the nomination and appointment of Board members;

b. Receiving, reviewing and making recommendations to the Board on the Board and Board Committee Charters as well as the Directors' Terms of Engagement;

c. Reviewing and approving the terms of service upon appointment and any subsequent changes, including the total individual remuneration package for the Executive Directors and senior executives;

d. Assessing and planning the Board composition and succession considering the competencies and skills necessary for the Board as a whole, the competencies and skills that the Board considers each existing Director to possess, and the competencies and skills that each new nominee would bring to the Board;

e. Ensuring the performance of an annual review/ appraisal of the performance of the Board and make recommendations to the Board in this regard;

f. Considering the appointment, termination and discipline of Senior Management.

The Committee held five (5) scheduled meetings in the year; the membership and attendance of the Committee are as shown in the table below:

S/N	Name	Designation	Date of meeting and attendance				
			07/05/20	01/06/20	20/07/20	19/10/20	08/12/20
1	Khairat Gwadabe	Chairman	P	P	P	P	P
2	Chimaobi Madukwe	Member	P	P	P	P	P
3	Kabiru Rabiu	Member	P	P	P	P	P
4	Finn Arnoldsen	Member	P	P	P	P	P

P = Present

C. RISK MANAGEMENT COMMITTEE

The Risk Management Committee is responsible for reviewing and providing recommendations to the Board on matters relating to Internal Control; Enterprise Risk Management; and Health, Safety, Security & Environment. Its functions include:

a. Ensuring the development of a comprehensive internal control framework for the Company, obtain assurance and report annually in the financial report on the operating effectiveness of the Company's internal control framework;

b. Reviewing and approving the Company's risk management policy including risk appetite and risk strategy;

c. Reviewing and recommending the Company's Health, Safety, Security and Environment policies to the Board for approval.

The Committee held three (3) scheduled meetings in the year; the membership and attendance of the meetings of the Committee are as shown in the table below:

Corporate Governance Report (Cont.)

S/N	Name	Designation	Date of meeting and attendance		
			01/06/20	19/10/20	08/12/20
1	Finn Arnoldsen	Chairman	P	P	P
2	Khairat Gwadabe	Member	P	P	P
3	Shehu Abubakar	Member	P	P	P
4	Yusuf Binji	Member	P	P	P
5	Jacques Piekarski	Member	*	*	P

P = Present
*Appointed with effect from 2 October 2020

D. STATUTORY AUDIT COMMITTEE

In compliance with Section 359 of the Companies and Allied Matters Act 1990, the Company constituted the Statutory Audit Committee comprising of three shareholders and three Non-Executive Directors. The Chairman of the Committee is an independent shareholder. The duties of the Committee are as contained in Section 404(4) and (7) of CAMA and it is responsible for ensuring that the Company's financial statements comply with applicable financial reporting standards.

The Committee was constituted to ensure its independence, which is fundamental to upholding stakeholders' confidence in the reliability of the Committee's report and the Company's Financial Statements.

Below is the membership of the Committee:

1	Ajibola Ajayi	(Shareholder)	Chairman
2	Kabiru Tambari	(Shareholder)	Member
3	Oderinde Taiwo	(Shareholder)	Member
4	Kabiru Rabiu	(Director)	Member
5	Chimaobi Madukwe	(Director)	Member
6	Shehu Abubakar	(Director)	Member

The Committee held six (6) scheduled meetings in the year and attendance at the meetings was as follows:

S/N	Name of Director	Date of meeting and attendance					
		27/01/20	23/03/20	02/06/20	20/07/20	20/10/20	09/12/20
1	Ajibola Ajayi	P	P	P	P	P	P
2	Kabiru Tambari	P	P	P	P	P	P
3	Oderinde Taiwo	P	P	P	P	P	P
4	Kabiru Rabiu	P	P	P	P	P	P
5	Chimaobi Madukwe	P	P	P	P	P	P
6	Shehu Abubakar	P	P	P	P	P	P

P = Present

Corporate Governance Report (Cont.)

Shareholders

The Company's General Meetings are conducted in a transparent and fair manner. The General Meeting of the Company is the highest decision-making body of BUA Cement. Shareholders have the opportunity to express their opinions on the Company's financial results, all agenda matters and matters relating to the Company in general. Representatives of Shareholders' Associations and regulatory bodies such as the Securities and Exchange Commission, the NGX Exchange and Corporate Affairs Commission attend the Annual General Meetings. The Company has an Investors Relations Unit, which deals directly with enquiries from shareholders and ensures that Shareholders' views are escalated to Management and the Board. In addition, quarterly, half-yearly and annual financial results are published in widely read national newspapers.

The Board ensures the protection of the statutory and general rights of Shareholders at all times particularly their rights to vote at General Meetings. All Shareholders are treated equally, regardless of volume of shareholding or social status.

Information Flow and Access to Management

Comprehensive Board papers are circulated to the Directors before each meeting of the Board and Board Committees. The Board papers highlight and address the agenda items on which the Managing Director /Chief Executive Officer will report and areas requiring approvals and decisions of the Board. The Board has a good line of communication with Management and can request the presence of any Senior Management staff to provide information when required at its meetings. The Company Secretary is always available to advise individual Directors on corporate governance matters.

Access to Independent Advice

In compliance with global best practices, the Board enjoys access to independent professional advice to enable the Directors properly and effectively carry out their responsibilities.

Whistleblowing Policy

The Company is committed to fair and ethical business practices with transparency and integrity. Hence, BUA Cement Plc has a clear whistle blowing policy that ensures all employees including prospective applicants, contractors, agents, partners, bankers, other service providers, suppliers, shareholders, host community and the general public are given a channel through which they can report all matters they suspect involves illegal, unethical, harmful or improper conduct. All matters reported are accepted and treated with confidentiality to the identity of the whistle blower.

Complaints Management Policy

BUA Cement Plc is committed to providing high standards of services for shareholders including a platform for efficient handling of shareholder complaints and enquiries enabling shareholders to have shareholder related matters acknowledged and addressed. Sufficient resources are provided to ensure that shareholder complaints and enquiries are dealt with adequately and in an efficient and timely manner, as well as facilitating efficient and easy access to shareholder information.

The Company has therefore formulated a Complaint Management Policy designed to ensure that complaints and enquiries from the Company's shareholders are managed in a fair, impartial, efficient and timely manner. Further, this policy has been prepared in recognition of the importance of effective engagement in promoting shareholder/investor confidence in the Company.

This policy sets out the broad framework by which BUA Cement Plc and its Registrar will provide assistance regarding shareholder issues and concerns. It also provides the opportunity for BUA Cement Plc's shareholders to provide feedback to the Company on matters that affect shareholders. This policy only relates to the Company's shareholders and does not extend to its customers, suppliers or other stakeholders.

Insider Information Policy

The Company has a policy on insider information and prohibition of insider dealings as required by rules and regulations and this policy has been made publicly available to all stakeholders.

BUA Cement Plc's Insider Information Policy is to generally ensure that Board members, employees and its external stakeholders who have knowledge of confidential and potentially price sensitive information are aware of the prohibition imposed by law against using, disclosing (other than in the normal course

Corporate Governance Report (Cont.)

of the performance of their duties) or encouraging transactions in securities on the basis of such inside information. In addition to obligations imposed by law, BUA Cement Plc wants Board members, employees and external stakeholders to respect the safeguarding of confidential information and potentially price sensitive information.

Succession Policy

In order to maintain continuity and stability of the Company, the Board has approved a robust Succession Policy for identifying and developing successors for critical roles within the Board and Executive Management level of the organization. The policy outlines the succession plan for BUA Cement Plc, which includes:

a. determining the roles central to the achievement of the Company's objectives;

b. selecting top performers that will form the talent pool for the identified roles;

c. designing and implementing a training plan to prepare the selected persons for identified positions.

Board Evaluation Policy

In furtherance of the Company's commitment to excellence and continuous development, the Board has adopted a Board Evaluation Policy.

The policy provides a systematic and ongoing method for evaluating the performance of the Board, Board Committees and individual Directors. On an annual basis, an external consultant reviews the effectiveness of the Board and its members in an objective, independent and fair manner. Internal evaluations are also conducted as the Board's Governance, Establishment and Remuneration Committee ("BGERC") Chairman is responsible for annually evaluating the performance of the Managing Director/Chief Executive Officer while the Managing Director/Chief Executive Officer reviews the performance of other Executive Directors.

Every three (3) years, the BGERC oversees the conduct of a corporate governance assessment for the Company by an external consultant.

Directors' Training Policy

In order to ensure the structured and systematic training and continuous development of its Directors, the Board approved a Directors' Training Policy. The Policy contains the Company's plan for equipping Directors to perform their duties effectively and efficiently. The training plan for Directors is developed by the Company Secretary and approved by the Chairman of the Board on an annual basis. At the minimum, each Director is to attend one (1) core-training program every financial year.

Conflict of Interest Policy

To assist Directors and other senior officers of the Company in recognising, dealing with and disclosing actual or perceived conflicts of interests, the Board has approved a Conflict of Interest Policy for the organisation.

The policy mandates new Directors to declare their interests in any entities in which he or she is a Director, officer, servant, creditor or holder of substantial shares or securities. In addition, any Director who has an interest in a related party transaction shall declare his or her conflict to other Directors prior to the meeting and recuse himself or herself from any reporting, discussions and voting on the transaction at the Board or Board Committee meeting.

Code of Ethics

The Company is upholding the highest standards of transparency, disclosure and ethics. Every year, Directors are required to fill and sign a Code of Conduct form committing to fulfil their duties of care and loyalty to the Company. The Company has an approved Code of Conduct designed to empower employees and enable effective decision making at all levels of the business according to defined ethical principles. New employees are required to read and sign an attestation signifying that they understand the contents of the Code.

Diversity

At BUA Cement, we believe in the increased innovation and performance that results from diversity. Thus, in making appointments to the Board or employment within the organisation due cognisance is taken towards ensuring that there is diversity of gender, thought, experience and academic background across the Company.

Corporate Governance Report (Cont.)

Sustainability

At BUA Cement, we are conscious that a solid commitment to incorporating sound environmental and social standards into our business operations is key to safeguarding our long-term success. We are focused on fostering the economic and social development of the Nigerian and indeed wider African community in which the Company operates.

In furtherance of this commitment and focus, we carry out our operational activities in a manner that has minimal impact on the environment through strict adherence to emission standards; reduced fresh water use, water recycling and land reclamation. The Company also supports the government efforts at achieving Sustainable Development Goals (SDGs) through our social initiatives – educational scholarships, provision of potable drinking water through construction of boreholes and provision of other social amenities and infrastructure to communities where BUA Cement operates.

Compliance Statement

The Company's corporate governance strategies and initiatives are geared towards complying with the Nigerian Code of Corporate Governance, 2018, and the disclosure requirements under the NGX Exchange's Listing Requirements and Rules.

By order of the Board

Ahmed Aliyu, Esq.
Company Secretary/Legal Adviser

FRC No.: FRC/2013/NBA/00000002396
BUA Cement Plc
Lagos, Nigeria

25 March 2021

Board of Directors

Abdul-Samad Rabiu, CON
Chairman

Abdul-Samad Rabiu, a Nigerian, born on 4 August 1960, is the Chairman of BUA Cement Plc. He is a foremost industrialist, billionaire businessman, and philanthropist and also the Founder and Executive Chairman of BUA Group – a company which he founded in 1988 and has become one of Nigeria's largest privately-owned foods and infrastructure conglomerate with diversified investments spanning key business sectors of the Nigerian economy.

Under Abdul-Samad's astute leadership, BUA Group has grown steadily over the years to entrench itself as a leading player with holdings in cement, sugar, rice, flour milling and pasta, edible oils, logistics, agriculture, fertiliser production, steel, and real estate. He holds a degree in Economics from Capital University, USA. After his degree, Abdul-Samad returned to Nigeria from the United States and joined the family business, the IRS Group, until 1988 when he set up BUA Group to engage in importing and trading in major commodities like rice, edible oils, flour and, iron & steel rods. He later ventured into steel, billets and iron ore importation and supplying multiple rolling mills in Nigeria.

In 2009, Abdul-Samad acquired a controlling stake in the publicly listed Cement Company of Northern Nigeria (Sokoto Cement) and commenced the construction of a cement manufacturing complex in Obu-Okpella, Edo State. At the time of commissioning in 2015, Obu Cement Complex Line I was the single largest non-oil investment in South-South Nigeria. In January 2020, Abdul-Samad Rabiu merged his privately owned Obu Cement Company with the publicly listed Cement Company of Northern Nigeria, where he already held a controlling stake in a US$3.3 billion transaction. The resultant company from the merger, BUA Cement Plc, is currently the fourth largest company on the Nigerian Stock Exchange by market capitalisation.

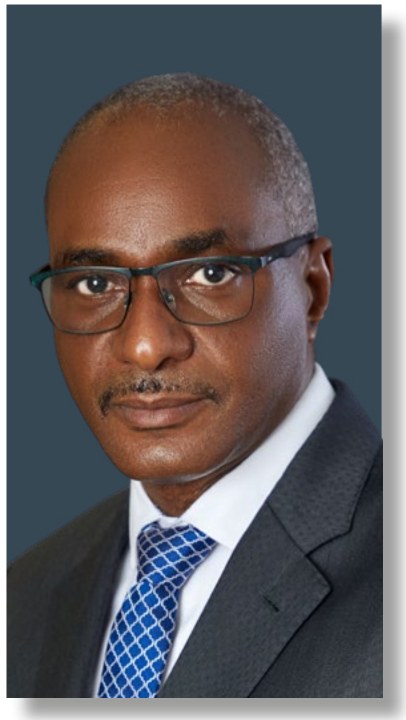
With his ever-expanding conglomerate boasting several subsidiaries, Abdul-Samad Rabiu was a former chairman of Tropical Continental Bank from 1993 to 2000, a two-time Chairman of Nigeria's Bank of Industry, and is currently the majority shareholder in BUA Cement.

In addition to his economic contributions, Abdul-Samad Rabiu, through the BUA Foundation and his Abdul-Samad Rabiu Africa (ASR Africa) Initiative, has contributed immensely to various philanthropic and social development activities in various areas from healthcare to education, sports, water & sanitation amongst others. He commenced the ongoing development of a ₦7.5 billion 200-bed specialist hospital in Kano State and recently set up an endowment of US$100 million annually for interventions in Health, Education and Social Development across Africa through his ASR Africa Initiative.

Abdul-Samad Rabiu is a recipient of many awards including the 2016 African Industrialist of the Year Award by the All-Africa Business Leaders Awards and holds the Nigerian national honour of Commander of the Order of Niger (CON).

Mr. Rabiu was appointed to the Board of BUA Cement Plc on 22 May 2014.

Board of Directors (Cont.)



Yusuf Binji
Managing Director/Chief Executive Officer

Yusuf Binji, a Nigerian, born on 23 March 1968, is the Managing Director/Chief Executive Officer of BUA Cement Plc. He is a Chemical Engineer with degrees from Ahmadu Bello University and the University College, London. Yusuf is also a Fellow of the Nigerian Society of Engineers, the Solar Energy Society of Nigeria and the Nigerian Society of Chemical Engineers.

He has over 30 years working experience in various organisations including Cement Company of Northern Nigeria (CCNN), BUA International Limited, Obu Cement Company Limited, among others. He was Managing Director, Obu Cement Company in 2017 before his appointment as Managing Director, Cement Company of Northern Nigeria in 2018. In December 2019, he was announced as the Managing Director/Chief Executive Officer of BUA Cement, the new entity from the merger between Obu Cement and CCNN.

He has attended various executive management courses in Nigeria and internationally including at Harvard Business School in USA, Institute for Management Development Switzerland and INSEAD France.

Mr. Binji was appointed to the Board of BUA Cement Plc on 23 December 2019.

Jacques Piekarski
Chief Financial Officer

Jacques Piekarski, a Swiss and French National, born on 6 September 1960, is the Chief Financial Officer/Executive Director of BUA Cement Plc. He is a graduate of the Business School in Lausanne, Switzerland, and holds an MBA from the Robert Kennedy College, Zurich, Switzerland. Jacques is the President of the Swiss Nigerian Business Council in Lagos and speaks fluent English and French, and conversational German.

A seasoned finance professional with over 30 years' experience, Jacques has held several C-suite finance roles across Europe and Africa in various industries including FMCG, Cement, Trading, and Mining. Over the course of his career, Jacques has had significant achievements in setting-up finance and operational strategies, re-organising finance functions, financing (loans, bonds, rights issue, debt restructuring), M&A, leading transformation, revenue and cost optimisation projects, various expansions and projects including ERP implementations. Prior to joining BUA Cement, Jacques was Group CFO for TGI Group Nigeria - one of the largest Food and Agric privately owned conglomerate in the country. Earlier on, he was the Group CFO of Flour Mills of Nigeria Plc. Jacques has also garnered an extensive knowledge of the cement industry from his time as the CFO for Holcim (today LafargeHolcim) in Egypt with a joint venture with the Orascom Group.

Mr. Piekarski was appointed to the Board of BUA Cement Plc on 2 October 2020.

Board of Directors (Cont.)

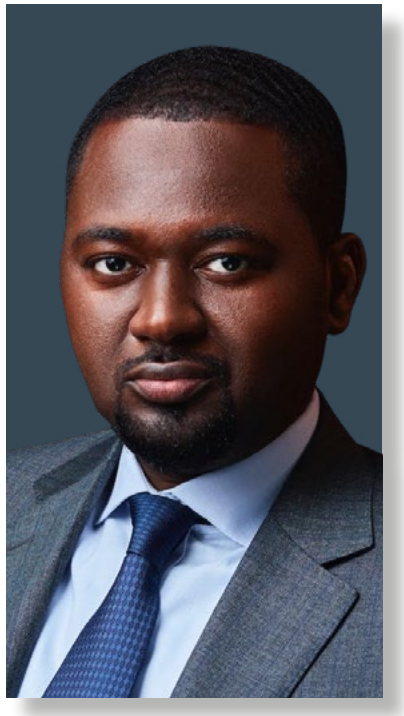
Chimaobi Madukwe
Non-Executive Director

Chimaobi Madukwe, a Nigerian, born on 19 May 1961, is an Executive Director/Group Chief Operating Officer of BUA Cement Plc. Chimaobi holds a Bachelor's degree in Management Studies/ Accountancy and an MBA in Finance.

He was the Group Executive Director in charge of subsidiaries across the Group. He has had a distinguished career in top executive management, spanning over a period of 20 years, working variously as Group Treasurer, Group General Manager and Group Executive Director. He has wide and varied experiences in the banking, non-bank finance, commercial sectors of the economy spanning many years and was involved in various syndications, financial and management restructuring, debt management and loan workout and business start-ups.

He has specialised training in Negotiation, Strategy, Corporate Finance, Assets & Liability Management, Structured Finance, Mergers & Acquisitions, Export Finance, Leasing, SME and has attended several international training programme symposia/ seminars on Iron & Steel development, Cement. In addition, he has attended specialised training on Negotiations & Strategy in Harvard and M&A in Wharton. A widely travelled executive, Mr. Madukwe sits on the Board of several companies.

Mr. Madukwe was appointed to the Board of BUA Cement Plc on 22 May 2014.



Kabiru Rabiu
Non-Executive Director

Kabiru Rabiu, a Nigerian, born on 28 November 1980 is a Non-Executive Director of BUA Cement Plc. He is also a Group Executive Director of BUA Group. Kabiru holds a B.A (Hons) degree in Management from Webster University and an MBA in International Business from the American Intercontinental University, both in London, England.

Prior to his appointment as the Group Executive Director to oversee the strategy and growth of the Group, he held various management positions at Nigeria Oil Mills as General Manager and later as Managing Director of BUA Oil Mills Limited, where he successfully turned around the businesses. He was a pioneer Chairman of the Nigerian Sugar Institute and he currently sits on the boards of several private and listed companies in Nigeria. Kabiru has won numerous awards and was recently a 2-time Laureate of the Institut Choiseul, France.

He has also attended various business courses in several business schools, including the London School of Economics and Political Science, Harvard Business School, Stanford University and NYU amongst other institutions.

Mr. Rabiu was appointed to the Board of BUA Cement Plc on 22 May 2014.

Board of Directors (Cont.)

Finn Arnoldsen
Non-Executive Director

Finn Arnoldsen, a Norwegian, born on 3 September 1954, is a Non-Executive Director of BUA Cement Plc. He holds a Master's Degree in Combustion Engineering from NTH, Norway in 1977.

His entire working career has been in the Cement Industry and mainly in Africa. He started in 1985 in Ghana as the Work Manager for Heidelberg Cement (Scancem International Ltd.) and continued the next 25 years in various managerial positions within the Cement Group. He was a member of the Executive Management in Heidelberg Cement Africa for 10 years as Senior Vice President, responsible for West Africa and Southern Africa. He was also Chairman and member of several Boards across the continent, also including Ghana Cement Works Ltd., Nova Cimangola SA, and Tanzania Portland Cement Ltd. (Chairman). Finn joined the BUA Group in 2009 as the Commercial Director and as Executive Board member in Cement Company of Northern Nigeria Plc. Furthermore, he was appointed Managing Director for Edo Cement Ltd in 2012 and Group Chief Operating Officer, Cement in 2017.

Mr. Arnoldsen was appointed to the Board of BUA Cement Plc on 28 March 2019.

Khairat Gwadabe
Independent Non-Executive Director

Senator Khairat Gwadabe, a Nigerian, born on 23 April 1958, is an Independent Non-Executive Director of BUA Cement Plc. She obtained a B.A in European Studies and Spanish from the University of Wolver Hampton England (1982) and Universidad Complutense in Madrid, Spain (1981). She holds an LL.B from the University of Buckingham in England (1984) and was called to the Nigerian Bar in 1986. She later obtained a Master's Degree in Law (LL.M) from the University of Lagos, Nigeria in 1992.

She is a Barrister at-Law and a Solicitor of the Supreme Court of Nigeria and the Managing Partner of A. Abdulrazaq & Co, a firm of Legal Practitioners and Notaries Public. Senator Gwadabe worked with the then Mobil Producing Nigeria as a Counsel in the Legal Department handling matters ranging from compensation matters resulting from oil spillage to internal legal advice on various issues to the company. In the 1999 general elections, she was elected as the first female Senator from Northern Nigeria and the only Senator representing Abuja, the Federal Capital Territory. While in the Senate, she chaired the Committees on Women Affairs and Youth Development; The Federal Capital Territory, and Primary Health and HIV/AIDS Committees. Senator Gwadabe was elected as chairman of the Senators Forum in 2011, which she still holds to date. In 2013, she was appointed as a member of the Presidential Advisory Committee on National Dialogue, which recommended guidelines and procedure for holding the National Conference.

Senator Gwadabe was appointed to the Board of BUA Cement Plc on 23 December 2019.

Board of Directors (Cont.)

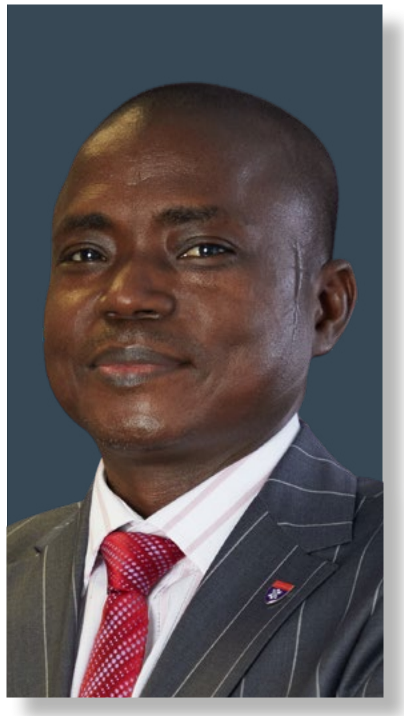
Shehu Abubakar
Independent Non-Executive Director

Shehu Abubakar, a Nigerian, born on 28 August 1959, is an Independent Non-Executive Director of BUA Cement Plc. He holds a B.Sc. (Business Management) from Usman Danfodio University, Sokoto in 1984 and an MBA from Ahmadu Bello University, Zaria in 2011.

He had an extensive working career in the Banking Industry from 1987 to 2017 where he retired as Executive Director of Keystone Bank Limited after 29 years in the Industry. He was also at different times a Director on the Boards of Global Bank of Liberia and KBL Health Care Limited. Alhaji Abubakar has a wide range of experience in Strategy, Leadership and Executive Management, Customer Relations and Management and Corporate Finance among other things.

He attended training programmes in the course of his career within and outside Nigeria at the Lagos Business School, Harvard Business School, Columbia Business School and Wharton Business School among others.

Mr. Abubakar was appointed to the Board of BUA Cement Plc on 23 December 2019.



Ahmed Aliyu, ESQ
Company Secretary/Legal Adviser

Ahmed Aliyu, a Nigerian, born on 2 June 1975, is the Company Secretary/Legal Adviser at BUA Cement Plc. He is an alumnus of Ahmadu Bello University, Nigerian Law School, University of Salford, and Harvard Law School (Executive Education), Ahmed is a Barrister and Solicitor of the Supreme Court of Nigeria. He is a member of the International Bar Association, London, Nigerian Bar Association, Society for Corporate Governance and the Chartered Institute of Taxation among other professional bodies.

A consummate legal practitioner and governance professional, Mr. Aliyu started his career at a Legal Firm [Opawale Japhet & Co.] after which he joined the Corporate Affairs Commission rising to become a Zonal Manager for the Commission in various States in Nigeria. He later joined the defunct Cement Company of Northern Nigeria Plc (which later became BUA Cement Plc) where he rose to become the Company Secretary. He later became the Group Chief Legal Officer & Company Secretary at BUA Group a position he holds to date.

He has attended various courses and conferences in the course of his career.

Mr. Aliyu was appointed as the Company Secretary of BUA Cement Plc on 9 March 2017.

Management Team

Yusuf Binji
Managing Director/Chief Executive Officer

Yusuf Binji, a Nigerian, born on 23 March 1968, is the Managing Director/Chief Executive Officer of BUA Cement Plc. He is a Chemical Engineer with degrees from Ahmadu Bello University and the University College, London. Yusuf is also a Fellow of the Nigerian Society of Engineers, the Solar Energy Society of Nigeria and the Nigerian Society of Chemical Engineers.

He has over 30 years working experience in various organisations including Cement Company of Northern Nigeria (CCNN), BUA International Limited, Obu Cement Company Limited, among others. He was Managing Director, Obu Cement Company in 2017 before his appointment as Managing Director, Cement Company of Northern Nigeria in 2018. In December 2019, he was announced as the Managing Director/Chief Executive Officer of BUA Cement, the new entity from the merger between Obu Cement and CCNN.

He has attended various executive management courses in Nigeria and internationally including at Harvard Business School in USA, Institute for Management Development Switzerland and INSEAD France.

Jacques Piekarski
Chief Financial Officer

Jacques Piekarski, a Swiss and French National, born on 6 September 1960, is the Chief Financial Officer/Executive Director of BUA Cement Plc. He is a graduate of the Business School in Lausanne, Switzerland, and holds an MBA from the Robert Kennedy College, Zurich, Switzerland. Jacques is the President of the Swiss Nigerian Business Council in Lagos and speaks fluent English and French, and conversational German.

A seasoned finance professional with over 30 years' experience, Jacques has held several C-suite finance roles across Europe and Africa in various industries including FMCG, Cement, Trading, and Mining. Over the course of his career, Jacques has had significant achievements in setting-up finance and operational strategies, re-organising finance functions, financing (loans, bonds, rights issue, debt restructuring), M&A, leading transformation, revenue and cost optimisation projects, various expansions and projects including ERP implementations. Prior to joining BUA Cement, Jacques was Group CFO for TGI Group Nigeria - one of the largest Food and Agric privately owned conglomerate in the country. Earlier on, he was the Group CFO of Flour Mills of Nigeria Plc. Jacques has also garnered an extensive knowledge of the cement industry from his time as the CFO for Holcim (today LafargeHolcim) in Egypt with a joint venture with the Orascom Group.

Management Team (Cont.)

Ahmed Aliyu, ESQ
Company Secretary/Legal Adviser

Ahmed Aliyu, a Nigerian, born on 2 June 1975, is the Company Secretary/Legal Adviser at BUA Cement Plc. He is an alumnus of Ahmadu Bello University, Nigerian Law School, University of Salford, and Harvard Law School (Executive Education), Ahmed is a Barrister and Solicitor of the Supreme Court of Nigeria. He is a member of the International Bar Association, London, Nigerian Bar Association, Society for Corporate Governance and the Chartered Institute of Taxation among other professional bodies.

A consummate legal practitioner and governance professional, Mr. Aliyu started his career at a Legal Firm [Opawale Japhet & Co.] after which he joined the Corporate Affairs Commission rising to become a Zonal Manager for the Commission in various States in Nigeria. He later joined the defunct Cement Company of Northern Nigeria Plc (which later became BUA Cement Plc) where he rose to become the Company Secretary. He later became the Group Chief Legal Officer & Company Secretary at BUA Group a position he holds to date.

He has attended various courses and conferences in the course of his career.

Ahmed Idris, MNSE
Plant Director - Obu

Ahmed Abubakar Idris graduated with a degree in Chemical Engineering from the prestigious Ahmadu Bello University Zaria. He is a Corporate Member of the Nigerian Society of Engineers.

Ahmed started his career as a Trainee Engineer with the defunct Cement Company of Northern Nigeria (CCNN) Plc in 1992 and steadily rose through the ranks to the position of Technical Director in 2013, a position he held till he resigned in 2015.

In 2018, he served as the Commissioning Director in the then CCNN for its newly constructed 2mmtpa production line and was subsequently transferred to Obu Cement plant in Okpella where he continued to work as Plant Director from 2018 till date.

Aminu Bashir
Plant Director - Sokoto

Aminu Bashir is a consummate engineer with vast experience in operations and maintenance of integrated cement plants. A graduate of Chemical Engineering from Ahmadu Bello University with about 28 years industry experience, having started his career as a Pupil Engineer with Cement Company of Northern Nigeria (CCNN) in 1992. His career saw him transverse several roles until his appointment as Technical Director of CCNN in 2016.

In his capacity, he is responsible for the management of the BUA Cement Plant in Sokoto, and strategically leads it in the attainment of its corporate goals and objectives.

Management Team (Cont.)

Nasiru Bashir
Director, Sales and Marketing

Nasiru Bashir holds MBAs from the University of Port Harcourt (2013) and University of Lagos (Transport Management and Planning - 2007). He is a member of Nigeria Institute of Management and Chartered Member, Chartered Institute of Logistics & Transport. He started his career with Continental Shipyard Ltd, Apapa and moved on to become the Operations Officer with Nigerian Ports Authority in 2001. He had a two-year stint with Ethical Group of Companies, Abuja in 2006 and then moved on to become an Operations Manager with BUA Cement Manufacturing Company Limited, in 2008.

Nasiru has risen through the rank and advanced to become the General Manager, BUA Cement Manufacturing Company Limited, before his current role as the Director, Sales & Marketing, BUA Cement Plc.

Chikezie Ajaero
Finance Director

Chikezie is a seasoned accountant with an MBA from the prestigious University of Lagos. He is also a Fellow of the Institute of Chartered Accountants of Nigeria with over 26 years post degree experience in financial reporting and controls.

Chikezie joined BUA in 2005 as Finance Manager of BUA Flour Mills Limited. He was at 1004 Estates Limited and UAC Restaurants (subsidiary of UAC Plc) as General Manager Finance between 2008 to 2012 and later returned to BUA in 2012 as Financial Controller of BUA Flour/Pasta. He assumed the role of General Manager- Finance in Obu Cement Company Ltd in May 2015.

Currently, Chikezie is the Finance Director, BUA Cement, a role he assumed since the merger.

Mohammed Minjibir
Director, Logistics and Transport

Mohammed Minjibir holds degrees in Business Administration from Ahmadu Bello University Zaria and Cardiff Business School University of Wales United Kingdom. Mohammed is an Affiliate Member Chartered Institute of Logistics and Transport, an Associate Member of Nigeria Institute of Management and a Student Member Chartered Institute of Stockbrokers. He has attended several courses within Nigeria.

Mohammed Minjibir started his career as a Management Consultant with Ahmed Zakari & Co (Chartered Accountants) in 2003. He later joined Dangote Industries Limited, Transport Division in 2004 as Procurement Manager (Imports). While in Dangote, he rose through the ranks holding various positions to become a Group General Manager in charge of Dangote Cement Transport Ibese in 2012.

He joined BUA in 2015 as the pioneer General Manager, Transport.

Report of the Directors

1. Legal Form

BUA Cement Plc was incorporated as a Limited Liability Company on 30 May 2014 and commenced business in August 2015. The Company was converted from a Private Limited Liability Company to a Public Limited Liability Company on 16 May 2019, as a prelude to a scheme of merger. The Company merged with the defunct Cement Company of Northern Nigeria Plc in a scheme of merger on 23 December 2019 and was listed on the NGX Exchange on 9 January 2020.

2. Principal Activities

The principal activities of the Company are manufacturing, sales, and marketing of cement to the public.

3. Result for the Year

The Company's results for the year ended 31 December 2020 are set out on page 62. The profit for the year has been transferred to retained earnings. The summarised results are presented below:

₦'000	31 December 2020	31 December 2019
Revenue from contract with customers	209,443,487	175,518,326
Profit before tax	78,873,498	66,224,501
Income tax	(6,529,162)	(5,614,216)
Profit after tax	72,344,336	60,610,285

4. Dividend Declaration

The Board of Directors ("the Board") recommends for the approval of shareholders a payment of ₦2.067 dividend per 1 ordinary share of 50 kobo each, out of the profits declared in the financial year ended 31 December 2020 (2019: ₦1.75). If approved, dividends paid to shareholders will be subject to the deduction of withholding tax at the appropriate rate at the time of payment.

5. Directors and Directors' Interests

The names of the Directors as at year end and the date of this report are as set out in the corporate information page. The direct and indirect interests of Directors in the issued share capital of the Company, as recorded in the Register of Directors' Shareholding and as notified by the Directors for complying with Section 301, of the Companies and Allied Matters Act, 2020 and listing requirements of the NGX Exchange are as set out below.

Report of the Directors (Cont.)

		31 December 2020	31 December 2019
		Number of Shares held	Number of Shares held
Direct holding	**Representing**		
Abdul-Samad Rabiu	-	19,044,995,225	19,044,995,225
Yusuf Binji	-	7,093	7,093
Indirect holding			
Abdul-Samad Rabiu	Damnaz Cement Company Limited	637,403,152	637,403,152
	BUA International Limited	74,218,444	74,218,444
	BUA Cement Company Limited	11,490,595,760	11,490,595,760
Total		**31,247,219,674**	**31,247,219,674**

The Directors have complied with the provisions of Section 277 of the Companies and Allied Matters Act at the date of this report.

6. Statistical Analysis of the Shareholding as at 31 December 2020

Range of Shareholding	Number of Shares held	Holder %	Holders Cumulative	Units	Units %	Units Cumulative
1-1000	21,152	61.26%	21,152	8,114,995	0.02%	8,114,995
1001-5000	9,644	27.93%	30,796	21,151,561	0.06%	29,266,556
5001-10000	1,651	4.78%	32,447	12,112,298	0.04%	41,378,854
10001-50000	1,629	4.72%	34,076	35,300,946	0.10%	76,679,800
50001-100000	214	0.62%	34,290	15,548,416	0.05%	92,228,216
100001-500000	182	0.53%	34,472	38,973,280	0.12%	131,201,496
500001-1000000	18	0.05%	34,490	13,615,394	0.04%	144,816,890
1000001-999999999999	41	0.11%	34,531	33,719,537,170	99.57%	33,864,354,060
	34,531	**100%**		**33,864,354,060**	**100%**	

Substantial Interest in Shares

According to the register of members as at 31 December 2020, no individual shareholder held more than 5% of the issued share capital of the Company except the following:

Shareholders	No. of shares held	% of shareholding
Abdul-Samad Rabiu	19,044,995,225	56.24%
BUA Cement Company Limited	11,490,595,760	33.93%
Alhaji Isiaku Rabiu	2,072,085,309	6.12%

Report of the Directors (Cont.)

Shareholding per category

S/N	Holder type	Holder count	Holdings	Percentage (%)
1	Corporate	691	12,484,546,644	36.87%
2	Government	25	71,402,394	0.21%
3	Individual	33,781	21,292,776,057	62.88%
4	Institution	7	562,045	0.00%
5	Joint	22	1,573,778	0.00%
6	Pension	5	13,493,142	0.04%
		34,531	**33,864,354,060**	**100.00%**

7. Property, Plant and Equipment

Information relating to changes in property, plant and equipment during the year are shown in Note 12. In the opinion of the Directors, the market value of the Company and the Company's property, plant and equipment are not less than the value shown in the financial statements

8. Charitable Donations

In accordance with Section 43 (2) of the Companies and Allied Matters Act, the Company did not make any donation or gift to any political party, political association or for any political purpose in the course of the year under review.

Charitable Gifts totaling ₦753.7 million (2019: ₦89.8 million) were given out in accordance with the Company's policy on social development and improvement of the community. A listing of the beneficiary organisations and the amounts donated to them are as shown in the table:

	₦'000
Renovation of community town halls at Wajeke & Gumbi	15,000
Donation of drugs to community clinics	7,000
Donation of cement to host communities	8,000
Construction and donation of clinic to Gidan Bailu resettlement	7,450
Construction of 2 blocks of classrooms at Gidan Bailu resettlement	18,429
Construction of Admin block at Gidan Bailu resettlement	8,779
Construction of Mosque at Gidan Bailu resettlement	11,269
Construction of 2 mechanised borehole & reticulations at Gidan Bailu resettlement	13,639
Construction and donation of cemetry to Gidan Bailu resettlement	2,967
Electrification and donation of transformers at Gidan Bailu resettlement	58,873
Renovation of community town halls at Wajeke & Gumbi	7,379
Covid-19 support to Edo State Government	100,000
Reticulation work on Okpella community borehole	1,011
Annual community development fund for Okpella town	200,000
Covid-19 palatives to Okpella communities - Hand sanitisers etc	17,926
Supply of 2 units of Nissan 4X4 pick up double cabin to Okpella town for security patrol	25,665
Maintenance of Okpella town industrial boreholes	750
HP Desktop Computer- All-in-one & UPS to Okpella Police Station	217
Road maintenance in Okpella -crush stone base	7,582
Solar powered camp light to Ebira community in Okpella	1,060
6 Nos 500 KVA Transformers to Okpella communities	23,573
Donation of Toyota Sienna vehicle to Okpella student Association (NAOS)	3,673
Donation of reflective jackets to FRSC, Okpella	1,200
Payment for installation and commissioning of transformer at Iddo in Okpella	10,045
Donation to Sokoto State Government	200,558
Provision of potable water to Ebira community at OBU well-Okpella	1,600
Total	**753,645**

Report of the Directors (Cont.)

9. Acquisition of Own Shares

The Company did not purchase any of its own shares during the year (2019: Nil).

10. Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers' Rules), BUA Cement Plc maintains a Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorised as insiders as to their dealing in the Company's securities. The policy is periodically reviewed by the Board and updated. The Company has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the policy during the period under review.

11. Free Float Declaration

BUA Cement Plc, with a free float value of ₦40,272,206,106 as at 31 December 2020, is compliant with the free float requirement for the Main Board of the NGX Exchange.

12. Human Resources Policy

i. Recruitment

The Company conforms with all regulatory requirements in the employment of staff, whilst also ensuring that only fit and proper persons are approved for appointment to board or top management positions. All prescribed pre-employment screening for prospective employees and other requirements for regulatory confirmation of top management appointments are duly implemented.

ii. Employee health, safety and welfare

The Company is committed to providing a safe and healthy work environment for its employees. In keeping with the safety restrictions imposed by the Nigerian Centre for Disease Control, the Company engaged a hybrid work strategy allowing non-essential departments to rotate between working remotely and working onsite. The Company's offices are organised in such a way to ensure physical distancing and observance of all safety protocols. The Company meets all safety standards and these include provision of sanitary tools, adequate protective clothing, firefighting equipment and footwear.

iii. Employee involvement and training

The Company believes that its employees are an invaluable asset. It focuses on nurturing employees' talents and equipping them with the knowledge and skill to fulfil their potential. The Company places high priority on training and development and as such it sponsors both local and international training courses for employees.

At BUA Cement Plc, all employees are involved in mapping the future of the business with open communication playing a pivotal role. Effective channels exist to keep employees fully informed about the Company's performance and progress. Employees make suggestions to improve the Company's processes at various general staff meetings. Through well-designed and implemented incentive schemes, employees are also encouraged to participate in the ownership of the business.

13. Directors Interest in Contracts

None of the Directors has notified the Company for the purpose of Section 303 of the Companies and Allied Matters Act, 2020 that they were members or held shareholding of some specified companies that could be regarded as interested in any contracts with which the Company was involved as at 31 December 2020.

Report of the Directors (Cont.)

14. Events after Reporting Period

There were no material post statement of financial position events to date that have not been taken into consideration in the preparation of these financial statements.

15. Approval of Financial Statements

The Directors on 25 March 2021 have approved these financial statements for the year ended 31 December 2020 for issue.

16. Independent Auditor

PriceWaterhouseCoopers ("PwC") acted as the Company's Independent Auditor during the year under review. PwC has indicated their willingness to continue in office as Independent Auditor in accordance with Section 401 of the Companies and Allied Matters Act 2020. A resolution will be proposed authorising the Directors to fix their remuneration at the Company's general meeting.

By order of the Board of Directors

Ahmed Aliyu, Esq.
Company Secretary/Legal adviser
FRC No.: FRC/2013/NBA/00000002396
BUA Cement Plc
Lagos, Nigeria

25 March 2021

Notice of the 5th Annual General Meeting

Notice is hereby given that the 5th Annual General Meeting of BUA Cement Plc will be held on Thursday 8 July 2021 in Transcorp Hilton Hotel, No. 1 Aguiyi Ironsi Street, Maitama Abuja at 11:00 am to transact the following ordinary business:

AGENDA

Ordinary Business:

1. To lay before the meeting the report of the Directors, Statement of Financial Position as at 31 December 2020 together with the Statement of Profit or Loss and Other Comprehensive Income for the year ended on that date and the reports of the Auditors and the Audit Committee thereon.
2. To declare a Dividend.
3. To elect/re-elect Directors.
4. To authorise the Directors to fix the remuneration of the Auditors.
5. To elect members of the Audit Committee.
6. To disclose the remuneration of the managers of the Company.

Special Business:

7. To approve the remuneration of the Directors.
8. To amend the Articles of Association of the Company.

"THAT the Articles of Association of the Company be and are hereby amended by inserting the following new article [90A]:

[90A].

A Director may participate in a board meeting by: (a) attending a physical meeting held at such place specified in the notice of board meeting; or (b) means of a conference telephone or similar electronic form of communication, which allows all persons participating in the meeting to hear and speak to each other throughout the meeting. A person participating in this way is deemed to be present in person at the meeting and is counted in the quorum and entitled to vote."

BY ORDER OF THE BOARD

Ahmed Aliyu Esq
Company Secretary/Legal Adviser
Dated this 28 April 2021.

NOTES:

i. Compliance with Covid-19 Related Directives and Guideline.

Shareholders should NOTE that all existing regulations and protocols as issued by the Federal Government of Nigeria, through the Nigeria Centre for Disease Control and other regulatory authorities as regards meetings and gatherings of large numbers of persons would be strictly observed. Shareholders shall be strictly required to adhere to these regulations.

ii. Proxies

A member entitled to attend and vote at the Meeting is entitled to appoint a proxy in his stead. A blank proxy form is enclosed and if intended to be used, the form should be returned to the Company Secretary not later than forty eight hours (48 hours) before the Meeting. The cost of stamping the proxies shall be borne by the company.

iii. Attendance by Proxy

In line with the Corporate Affairs Commission Guidelines on Holding of Annual General Meetings of Public Companies using Proxies issued on 26 March 2020, attendance of the Meeting shall be proxy only. Shareholders are required to appoint a proxy of their choice from the list of nominated proxies below:

1. Mr. Boniface Okezie
2. Mr. Kabiru Ibrahim
3. Mr. Mukhtar Mukhtar
4. Mrs. Adebisi Bakare
5. Mr. Alex Adio
6. Mr. Tunji Bamidele
7. Mrs. Esther Augustine
8. Mr. Tunde Bhadmus
9. Mrs. Adenike David
10. Mr Kazeem Olayiwola

iv. Live Streaming of the Meeting

The Meeting will be streamed live. This will enable shareholders and other stakeholders who will not be attending physically to follow the proceedings. The link for the Meeting online live streaming will be made available on the Company's website at [www.buacement.com]

v. Closure of Register of Members

Notice is hereby given that the register of members and transfer books of the Company will be closed from Monday, June 21, 2021 to Friday, June 26, 2021 (both dates inclusive) for updating the register.

vi. Dividend Payment

If the dividend payment of ₦2.067 per share proposed by the Directors is approved, dividend warrants or e-payment will be paid on Thursday, 8 July 2021 to the shareholders whose names appear in the register of members by close of business on Friday, 18 June 2021.

vii. Audit Committee

In accordance with the Companies and Allied Matters Act, any member may nominate a shareholder as a member of the Audit Committee by giving notice in writing to the Company Secretary at least twenty-one days (21 days) before the Meeting. According to clause 11.4.2 of the Nigerian Code of Corporate Governance issued by the Financial Reporting Council of Nigeria, members of the Audit Committee should have basic financial literacy and should be able to read financial statements. At least one member should have knowledge of accounting or financial management. Therefore, the curriculum vitae of each nominee shall be attached to the nomination.

viii. Right of Securites' Holder to ask Question

Securities Holders have a right to ask questions not only at the meeting, but also in writing prior to the meeting, and such questions must be submitted to the company on or before Tuesday, 6 July 2021.

Risk Management

A. Introduction

Our Enterprise-wide risk management framework showcases how we appraise risks at BUA Cement, with the Board ensuring proper alignment of policies and procedures between the overall strategy and risk appetite.

BUA Cement adopts a top-down, bottom-up approach, to the identification and management of risks led by the various members of the Risk Management Committee, who are drawn from various units across the Company and are well-equipped to identify the risk exposure, resulting from business activities. Furthermore, these members along with the Board, assess both the global and domestic environment for trends, which might constitute possible disruptions and opportunities, as the Company pursues its objectives.

The Risk Management Committee discusses with various risk owners to mitigate or take advantage of possible risk areas, pertaining to probable impacts. Our Enterprise-wide risk management framework is fully aligned on the new Risk Management Policy issued in 2020.

B. Our ERM Framework

Through our Enterprise Risk Management (ERM) framework, we identify, assess, mitigate and monitor risks, using defence lines, which consist of the Board of Directors, the Risk Management Committee and the Management's Risk Committee (Figure 1). In addition, the internal and external auditors provide their assessments to the Risk Management Committee and the Statutory Audit Committee.

Figure 1: ERM Framework

To ensure proper reinforcement and alignment for effectiveness, the governance structure for risk management is as follows.

1. Board of Directors

The Board is made of eight members, which consists of a Chairman, three Non-Executive Directors, two Independent Directors and two Executive Directors. The Board is responsible for the determination of the vision, mission and strategy formulation of BUA Cement; and serves as a guide for setting standards for current and future operations of the Company. It also reviews and evaluates current and future opportunities and threats in both global and domestic environments, along with setting and authorising policy, management objectives, whilst ensuring these are implemented.

2. Risk Management Committee

The Committee comprises of five members, chaired by a Non-Executive Director. The Committee is responsible for the alignment of the medium and long-term strategies, in line with acceptable risk appetites for the business. In addition, it evaluates and monitors the internal control polices, to ensure risks are given appropriate consideration.

3. Management's Risk Committee

This Committee consists of 10 members and is headed by a risk manager, who is a member of the management team. Members of this Committee are drawn from various units of the Company and are responsible for identifying various probable risks (risk owners). These risks are assessed, analysed, and graded (low, medium or high) by the Committee, at its monthly meetings. Besides being responsible for the review of existing and new risks, the Committee is equally tasked with proposing appropriate mitigants.

Furthermore, they are responsible for the preparation and periodic reviews of the Company's risk register for changes to potential risks and how such risks could impact profitability or business continuity. A quarterly report with recommendations is prepared and sent to the Board, through the Risk Management Committee.

Risk Management (Cont.)

C. Risk Management Process

1. Risk Identification

This is the first step in our risk management process and is driven by the adoption of three techniques, namely: data gathering from reliable sources, risk surveys and risk brainstorming (Figure 2). Under the risk survey measure, questionnaires are administered to individuals with appropriate knowledge and skills, across every unit in the Company, requesting them to identify possible risks and who should be responsible for the risks identified. Information gathered is deliberated on, by the Management's Risk Committee.

2. Risk Assessment

This involves the careful examination of risks, root causes, mitigating controls, likelihood of occurrence and impact, if such identified risks crystalised. Risks are assessed on an inherent and a residual basis.

3. Risk Mitigation

Having identified and assessed inherent risks, the Risk Management Committee selects the appropriate risk response technique (i.e. avoiding, accepting, reduction or transferring) in-line with the Company's risk tolerance and appetite. A quarterly report with recommendations is prepared by the Management Committee to the Board, through the Risk Management Committee. The Board deliberates and takes decisions to be implemented by the Management Team.

4. Monitoring and Control

Monitoring deals with the efficacy of measures and responses to identified risk with modifications, where necessary. It also includes the measurement of performances against set targets, the adherence to broader issues such as, BUA Cement's philosophy, which encompasses the culture and its values. The monitoring of activities is conducted by the Management's Risk Committee, who review, conduct monthly assessments and issue quarterly reports to the Board through the Risk Management Committee.

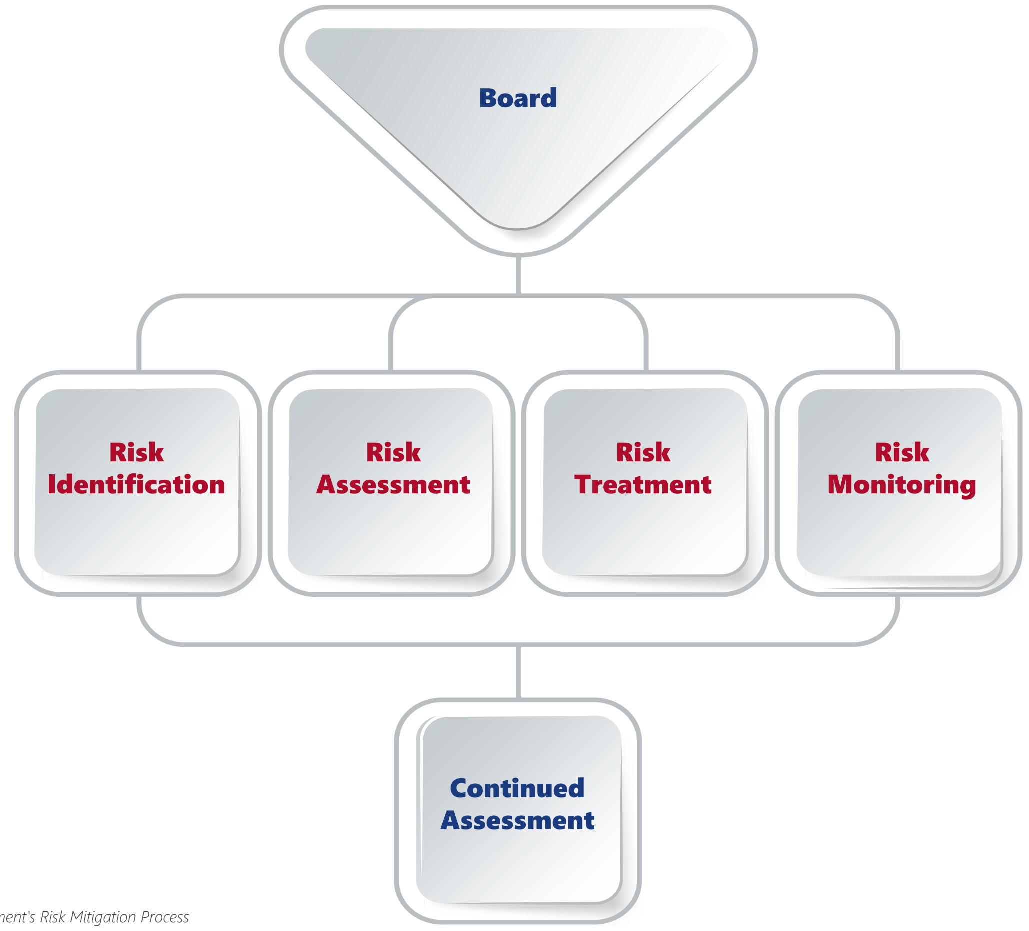


Figure 2: BUA Cement's Risk Mitigation Process

Risk Management (Cont.)

D. Risk Incidents and Review in 2020

During the year, the Risk Management Committee, focused on a wave of events across the domestic and international environments, alongside their implications for the business, particularly, given the outbreak of the Covid-19 virus and its impact on the government, businesses and individuals. Additionally, the Committee considered the impact of protectionism, as a rising economic policy and the emergence of the African Continental Free Trade Agreement (AfCFTA).

For ease and the proper assessment of the impact of these events, the Management's Risk Committee focuses on risk incidences, which are categorised as follows: strategy, operational, financial, market, liquidity, business and reputational risks. The Committee was particularly focused on reputational risk, operational risk, business risk, strategy risk, and financial risk in 2020 along the following areas:

Energy sources

We operate in an environment where previously available fuel sources have become scarce, given the non-operation of certain national refining assets. As a result, a delay in making the intended changes would inhibit our ability to compete effectively

Risk mitigation

- Ensured a switch in energy sources was implemented
- Diversification of energy base to include solid and gaseous fuel sources
- Stockpiling of some fuel sources to avoid stock-outs

Inability to meet demand due to growing consumption

The prevailing infrastructure and housing deficit, points to continued increases in cement consumption.

Risk mitigation

- Procured more trucks for delivery to 'new markets'
- Merger of production facilities for better coordination
- Capacity expansion with the construction of three additional plants
- Harmonisation of sales offices for optimal coordination

Insufficient raw materials availability

Risk mitigation

- Acquisition of more land for quarry expansion
- Signing of new quarry licences

Unavailability of regular power – BUA Cement operates in an environment where businesses generate their power, with the use of generators.

The unavailability of back-up generators in the event of a break-down with the primary generator can lead to disruptions in production and lost sales. This is besides the cost implications, resulting from idle machine downtime

Risk mitigation

- Purchase and hire of more generators that are operated using gas

Financial risk

Lack of foreign exchange to finance expansion and imports of some raw materials and foreign currency exposure

Risk mitigation

- Sourcing foreign exchange from the Central Bank of Nigeria (CBN) and the Investors' and Exporters' (I&E) window at the best possible rates
- Considered hedging of foreign transactions

Covid-19 Outbreak

Risk mitigation

- Instituted our Business Continuity Plan (BCP)
- Mandated remote meetings among staff, which also includes meetings with external parties
- Availability and use of protective face equipment by all staff, provided hand sanitisers at strategic points in Company buildings, including thermometers at entry points
- Stockpiled important materials to avoid stock depletion
- Limited travels by members of staff, only necessitated by emergencies
- Reduced staff strength at Company premises to ensure social distancing

Financial Information

Financial Information

Statement of Directors' Responsibilities

The Companies and Allied Matters Act require the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year end of its profit or loss. The responsibilities include ensuring that the Company:

a. keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act;

b. establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

c. prepares its financial statement using suitable accounting policies supported by reasonable and prudent judgements and estimates and are consistently applied.

The Directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board, and the requirement of the Financial Reporting Council of Nigeria Act and the Companies and Allied Matters Act.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its profit. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

Abdul-Samad Rabiu, CON
Chairman
FRC/2014/IODN/00000010111

25 March 2021

Yusuf Binji
Managing Director/Chief Executive Officer
FRC/2013/NSE/00000001746

25 March 2021

Chikezie Ajaero
Finance Director
FRC/2014/ICAN/00000010408

25 March 2021

Statement of Corporate Responsibilities over Financial Reporting

Pursuant to Section 405 of the Companies and Allied Matters Act, 2020, we confirm that we have reviewed the Audited Financial Statements of BUA Cement Plc ("BUA Cement" or "Company") for the year ended 31 December 2020.

We acknowledge our responsibility for establishing and maintaining internal controls within BUA Cement and have designed such internal controls to ensure that material information relating to the Company is made known to us by other officers of the Company, particularly during the period in which the Audited Financial Statements were prepared.

We have evaluated the effectiveness of the Company's internal controls within 90 days prior to the data on our audited financial statements, and certify that the Company's internal control are effective as of that date We also confirm that the Company's Auditors and Audit Committee have been informed about the following

i. all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and has identified for the Company's Auditors any material weaknesses in internal controls; and

ii. whether or not, there is any fraud that involves management or other employees who have a significant role in the Company's internal control.

During the year, there were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

We hereby certify that based on our knowledge, the Financial Statements do not contain any untrue statement of material fact or material omission that may make the Financial Statements misleading and the Financial Statements fairly presents in all material respects the financial condition and results of operations of the Company for the year ended 31 December 2020.

Yusuf Binji
Managing Director/Chief Executive Officer
FRC/2013/NSE/00000001746

25 March 2021

Chikezie Ajaero
Finance Director
FRC/2014/ICAN/00000010408

25 March 2021

Report of the Audit Committee

The Audit Committee is pleased to present this report for the financial year ended 31 December 2020 in compliance with Section 404 (7) of the Companies and Allied Matters Act. The Committee has the oversight responsibility for the Company's Financial Statements.

The Audit Committee is an independent statutory Committee appointed by the Shareholders and the Board. The Committee performs its functions on behalf of BUA Cement Plc.

Audit Committee terms of reference

The Audit Committee has adopted a formal Terms of Reference as contained in its charter that has been approved by the Board of Directors. The Committee has conducted its affairs in compliance with its Terms of Reference and has discharged its responsibilities contained therein. It reports its findings to the Board and the Shareholders at the Annual General Meeting.

The Committee comprises of three shareholders, one of whom chairs it, and three Non-Executive Directors nominated by the Board and meet quarterly or whenever the need arises.

The Audit Committee meets at least four times per annum, with authority to convene additional meetings, as circumstances require.

Executive Directors, external auditors, internal auditors, financial management and other assurance providers attend meetings by invitation only.

Below is the list of members and the number of meetings held during the year.

Names	Date of meeting and attendance					
	27/01/20	23/03/20	02/06/20	20/07/20	20/10/20	09/12/20
Ajibola Ajayi	P	P	P	P	P	P
Kabiru Tambari	P	P	P	P	P	P
Oderinde Taiwo	P	P	P	P	P	P
Kabiru Rabiu	P	P	P	P	P	P
Chimaobi Madukwe	P	P	P	P	P	P
Shehu Abubakar	P	P	P	P	P	P

P= Present

Roles and responsibilities

The Audit Committee carried out its functions through the attendance of Audit Committee meetings and discussions with executive management, internal audit and external auditors.

Statutory duties

The Audit Committee's role and responsibilities include statutory duties as stipulated by the Companies and Allied Matters Act and further responsibilities assigned to it by the Board.

The Audit Committee is satisfied that it has complied with its legal, regulatory and other responsibilities.

Report of the Audit Committee (Cont.)

External auditor appointment and independence

In terms of the provisions of the Companies and Allied Matters Act, the Audit Committee has satisfied itself that the external auditor, PricewaterhouseCoopers, is independent of the Company and has ensured that the appointment of the auditor complied with the Companies and Allied Matters Act and any other legislation relating to the appointment of auditors.

The Committee, in consultation with executive management, agreed to the engagement letter, terms, audit plan and budgeted fees for the year ended 31 December 2020.

Financial statements and accounting practices

The Audit Committee has reviewed the accounting policies and the financial statements of the Company and is satisfied that they are appropriate and comply with the International Financial Reporting Standards, the Companies and Allied Matters Act and the Securities and Exchange Commission listing requirements.

Internal financial controls

The Audit Committee has overseen a process by which internal audit performed an assessment of the effectiveness of the Company's system of internal control, including internal financial controls. The Audit Committee is satisfied with the effectiveness of the Company's internal financial controls.

Duties assigned by the Board

In addition to the statutory duties of the Audit Committee, as reported above, the Board of Directors has determined further functions for the Audit Committee to perform. These functions include the following:

i. Going concern

The Audit Committee reviews the going concern status of the Company at each meeting and makes recommendations to the Board

ii. Governance of risk

The Audit Committee fulfills an oversight role regarding financial reporting risks, internal financial controls, fraud risk as it relates to financial reporting and information technology risks as it relates to financial reporting.

iii. Internal audit

The Audit Committee is responsible for ensuring that the Company's internal audit function is independent and has the necessary resources, standing and authority within the Company to enable it to discharge its duties.

The Audit Committee considered and recommended the internal audit charter for approval by the Board. The internal audit function's annual audit plan was approved by the Audit Committee.

iv. Evaluation of the expertise and experience of the Chief Financial Officer and Finance function

The Audit Committee has satisfied itself that the Chief Financial Officer has appropriate expertise and experience.

The Audit Committee has considered, and has satisfied itself of the appropriateness of the expertise and adequacy of resources of the Finance function and experience of the senior members of management responsible for the financial function.

Report of the Audit Committee (Cont.)

In compliance with the Provisions of Section 404(7) of the Companies and Allied Matters Act, we report as follows:

- We have ascertained and hereby confirm that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;
- The scope and planning of audit requirements for the year ended 31 December 2020 are adequate;
- We are satisfied with the External Auditors' Management Report for the year ended 31 December 2020, as well as the response of the Management thereto.

Mr. Ajibola Ajayi FCA, CFA
Chairman Audit Committee
FRC/2015/ICAN/00000011387

24 March 2021

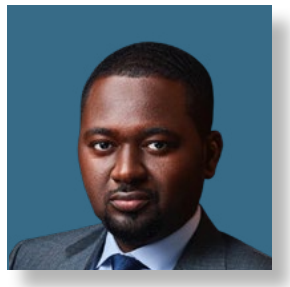
AUDIT COMMITTEE MEMBERS:

Ajibola Ajayi FCA, CFA	Chairman - Independent shareholder
Oderinde Taiwo	Member - Independent shareholder
Kabiru Tambari	Member - Independent shareholder
Kabiru Rabiu	Member - Director
Chimaobi Madukwe	Member - Director
Shehu Abubakar	Member - Director

Ajibola Ajayi
Chairman - Independent shareholder

Oderinde Taiwo
Member - Independent shareholder

Kabiru Tambari
Member - Independent shareholder



Kabiru Rabiu
Member - Director

Chimaobi Madukwe
Member - Director

Shehu Abubakar
Member - Director

Independent Auditor's Report

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Independent auditor's report

To the Members of BUA Cement Plc

Report on the audit of the financial statements

Our opinion

In our opinion, BUA Cement Plc's ("the company's") financial statements give a true and fair view of the financial position of the company as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

What we have audited

BUA Cement Plc's financial statements comprise:

- the statement of profit or loss and other comprehensive income for the year ended 31 December 2020;
- the statement of financial position as at 31 December 2020;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

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

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current 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.

Independent Auditor's Report (Cont.)

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Key audit matter	How our audit addressed the key audit matter
Provision for decommissioning liabilities *(Refer to notes 2.15, 4.1.2 and 19 to the financial statements)* As at 31 December 2020, the directors recognised provision for decommissioning liabilities amounting to N9 billion in relation to the restoration of active quarries to acceptable land use conditions. We focused on this area due to materiality of the provision and because the directors exercised significant judgement in estimating future restoration costs and in the parameters used for the estimation of the decommissioning provision. Areas where significant judgements were exercised by the directors include the methodology used in determining the present value of the estimated restoration costs using current prices adjusted for inflation and discounted using a risk-free rate; and in determining the useful life of mining quarries and mineable reserves used in decommissioning liabilities model.	We adopted a substantive approach in assessing the provision for decommissioning liabilities. Specifically, we performed the following procedures: • Assessed the professional competence and objectivity of the in-house and external experts. • Gained an understanding of methodology applied by the directors and the experts in estimating the future restoration costs, useful lives of mining quarries and mineable reserves used in the decommissioning liabilities computation. • Tested the reasonableness of key data input used in the decommissioning liabilities computation, such as mineable reserve, actual resources mined, useful lives of mining quarry sites and estimated future restoration costs. Specifically; - we traced the actual resources mined to the company's underlying records; - checked useful life of the mineable reserve against the mining license; - with the help of our accounting consulting experts, we checked the estimated future restoration costs by testing the appropriateness of the risk-free discount rate and the inflation rate and benchmarking them against reliable external sources; - we agreed the mineable reserve to the external experts' report. • Tested the decommissioning liabilities calculations prepared by the directors, including the present value of future costs and the interest expense on the liabilities, by reviewing the formulae and methodology applied for reasonableness. • Evaluated appropriateness of the related disclosures in accordance with the applicable financial reporting framework.

Other information

The directors are responsible for the other information. The other information comprises the Corporate Information, Report of the Directors, Corporate Governance Report, Report of the Audit Committee, Statement of Directors' Responsibilities, Statement of Corporate Responsibilities Over Financial Reporting, Statement of Value Added and Five-Year Financial Summary (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the BUA Cement Plc 2020 Annual Report, which are expected to be made available to us after that date.

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

Independent Auditor's Report (Cont.)

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In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information 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.

When we read the other sections of the BUA Cement Plc 2020 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

Independent Auditor's Report (Cont.)

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disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on other legal and regulatory requirements

The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;

iii) the company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Oladele Oladipo

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

29 March 2021

Engagement Partner: Oladele Oladipo
FRC/2013/ICAN/00000002951

Statement of Profit and Loss and Other Comprehensive Income

₦'000	Notes	31 December 2020	31 December 2019
Revenue	5	209,443,487	175,518,326
Cost of sales	7.2	(113,964,695)	(93,075,294)
Gross profit		**95,478,792**	**82,443,032**
Administrative expenses	7.2	(10,320,437)	(10,516,380)
Distribution and selling expenses	7.2	(4,867,449)	(4,307,109)
Impairment write back on financial assets	6	1,355,590	3,758,227
Other income	8	375,519	50,248
Operating profit		82,022,015	71,428,017
Finance income	9a	859,618	157,002
Finance cost	9b	(3,836,870)	(5,349,056)
Net finance cost		(2,977,252)	(5,192,054)
Minimum tax charge	10a	(171,265)	(11,462)
Profit before tax		**78,873,498**	**66,224,501**
Income tax expense	10a	(6,529,162)	(5,614,216)
Profit after tax		**72,344,336**	**60,610,285**
Other comprehensive (loss)/income:			
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of defined benefit obligations (net of tax)	11b	(824,234)	(267,828)
Other comprehensive loss for the year net of tax		(824,234)	(267,828)
Total comprehensive income for the year		**71,520,102**	**60,342,457**
Earnings per share			
Basic and diluted (Naira)	24	2.14	1.79

The notes on pages 68 to 121 are an integral part of these financial statements

Statement of Financial Position

₦'000	Notes	31 December 2020	31 December 2019
Assets			
Non-current assets			
Property, plant and equipment	12	523,312,829	393,406,271
Right-of-use assets	13a	70,490	76,503
Intangible assets	14	4,284,986	2,781,915
Deferred tax asset	10c	-	12,140,877
		527,668,305	**408,405,566**
Current assets			
Inventories	15	31,505,198	27,201,580
Due from related parties	26b	-	16,753,850
Trade and other receivables	17	83,307,986	2,618,935
Cash and cash equivalents	16	123,821,089	15,586,664
		238,634,273	**62,161,029**
Total assets		**766,302,578**	**470,566,595**
Equity attributable to shareholders			
Ordinary share capital	23	16,932,177	16,932,177
Retained earnings		159,915,508	146,833,788
Reorganisation reserve		200,004,179	200,004,179
Reserve on actuarial valuation of defined benefit plan		(897,136)	(72,902)
Total equity		**375,954,728**	**363,697,242**
Liabilities			
Current liabilities			
Bank overdraft	20	-	562,066
Trade and other payables	18	23,868,768	36,341,858
Contract liabilities	5b	42,138,330	32,868,945
Due to related parties	26b	34,497,761	918,741
Current income tax liabilities	10b	922,428	813,724
Short-term borrowings	20	105,648,512	20,861,438
Lease liabilities	13	-	41,677
Government grant	22a	900,695	5,701
Provision for decommissioning liabilities	19	123,695	4,047,713
		208,100,189	**96,461,863**

Statement of Financial Position (Cont.)

₦'000	Notes	31 December 2020	31 December 2019
Non-current liabilities			
Lease liabilities	13a	37,317	6,675
Long-term borrowings	20	50,449,387	-
Debt security issued	21	113,195,044	-
Employee benefit obligations	11	3,645,893	2,908,526
Deferred tax liabilities	10d	1,120,222	7,492,289
Government grant	22a	4,632,023	-
Provision for decommissioning liabilities	19	9,167,775	-
		182,247,661	**10,407,490**
Total liabilities		**390,347,850**	**106,869,353**
Total equity and liabilities		**766,302,578**	**470,566,595**

The notes on pages 68 to 121 are an integral part of these financial statements

The financial statements on pages 62 to 123 were approved and authorised for issue by the Board of Directors on 25 March 2021 and were signed on its behalf by:

Abdul-Samad Rabiu, CON
Chairman
FRC/2014/IODN/00000010111

25 March 2021

Yusuf Binji
Managing Director/Chief Executive Officer
FRC/2013/NSE/00000001746

25 March 2021

Chikezie Ajaero
Finance Director
FRC/2014/ICAN/00000010408

25 March 2021

Statement of Changes in Equity

₦'000	Share capital	Reserve on actuarial valuation of defined benefit plan	Retained earnings	*Reorganisation reserve	Total
Balance at 1 January 2019	**16,932,177**	**194,926**	**91,480,903**	**200,004,179**	**308,612,184**
Comprehensive income					
Profit for the year	-	-	60,610,285	-	60,610,285
Other comprehensive loss for the year	-	(267,828)	-	-	(267,828)
Total comprehensive income	**-**	**(267,828)**	**60,610,285**	**-**	**60,342,458**
Transaction with owners:					
Dividend declared and paid to CCNN Plc's shareholders**	-	-	(5,257,400)	-	(5,257,400)
	-	-	(5,257,400)	-	(5,257,400)
Balance at 31 December 2019	**16,932,177**	**(72,902)**	**146,833,788**	**200,004,179**	**363,697,242**
Balance at 1 January 2020	16,932,177	(72,902)	146,833,788	200,004,179	363,697,242
Comprehensive income					
Profit for the year	-	-	72,344,336	-	72,344,336
Other comprehensive loss for the year	-	(824,234)	-	-	(824,234)
Total comprehensive income	-	(824,234)	72,344,336	-	71,520,102
Transactions with owners:					
Dividend declared and paid to BUA Cement Plc's shareholders	-	-	(59,262,616)	-	(59,262,616)
	-	-	(59,262,616)	-	(59,262,616)
Balance at 31 December 2020	**16,932,177**	**(897,136)**	**159,915,508**	**200,004,179**	**375,954,728**

* Reorganisation reserve consists of the Company's merger transactions with entities under common control.
** Pre-merger dividend declare to CCNN Plc's shareholder during the year ended 31 December 2019.

The notes on pages 68 to 121 are an integral part of these financial statements.

Statement of Cash Flows

₦'000	Notes	31 December 2020	31 December 2019
Cash flows from operating activities			
Profit before income tax		78,873,498	66,224,501
Adjustment for non-cash items:			
Depreciation of property, plant and equipment	12	15,199,012	13,946,325
Amortisation of intangible assets	14	227,871	147,968
Write off of intangible assets	14b	-	12,477
Unrealised foreign exchange losses	7.1	616,147	183,227
Net impairment (gain) / loss on financial assets	6	(1,355,590)	(3,758,227)
Net finance cost	9b	2,977,252	5,192,054
Minimum tax	10a	171,265	11,462
Profit on disposal of property, plant and equipment	8	-	(253)
Depreciation of right-of-use asset	13	56,191	37,771
Defined benefit plan amendment	11b	1,186,842	66,747
Provision for end of service benefit obligations	11b	(64,636)	390,955
Operating cashflows before movements in working capital		**97,887,852**	**82,455,008**
Movement in working capital:			
Increase in trade and other receivables		(80,689,051)	(185,359)
Increase in inventories		(4,303,618)	(6,268,381)
Decrease in amounts due from related parties	26d	17,030,288	51,556,775
Decrease/(increase) in right-of-use asset		6,013	(76,503)
(Decrease)/increase in trade and other payables		(12,473,090)	2,054,932
Increase/(decrease) in amounts due to related parties	26e	32,843,327	(125,665,738)
Increase in contract liabilities		9,269,385	24,932,114
Increase/(decrease) in government grant		5,527,017	(26,287)
Cash generated from operations		**65,098,124**	**28,776,561**
Defined benefit paid during the year	11b	(100,775)	(66,821)
Interest received	9a	859,618	100,340
Interest paid		-	(432,317)
Tax paid	10b	(744,369)	(1,919,290)
Net cash flow from operating activities		**65,112,598**	**26,458,473**
Investing activities			
Purchase of property, plant and equipment	12e	(127,118,686)	(22,793,734)
Purchase of intangible assets	14	(1,730,941)	(460,335)
Proceeds from disposal of property, plant and equipment	12f	-	259
Net cash flows used in investing activities		**(128,849,627)**	**(23,253,810)**

Statement of Cash Flow (Cont.)

₦'000	Notes	31 December 2020	31 December 2019
Financing activities			
Dividend paid to equity holders		(59,262,616)	(5,257,400)
Lease liability payment	13	(65,236)	(5,394)
Proceeds from debt security issued	21	113,170,093	-
Proceeds from borrowings	20	228,722,337	56,737,008
Principal repayment of borrowings	20	(96,768,171)	(39,905,311)
Interest repayment on borrowings	20	(13,287,516)	(2,478,445)
Net cash flows generated from financing activities		**172,508,889**	**9,090,457**
Net increase in cash and cash equivalents		108,771,860	12,295,120
Cash and cash equivalents at 1 January		15,024,598	2,713,051
Effects of exchange rate differences		24,631	16,426
Cash and cash equivalents at 31 December	16.1	**123,821,089**	**15,024,598**

The notes on pages 68 to 121 are an integral part of these financial statements

Notes to the Financial Statements

1 General Information

BUA Cement Plc ("the Company") is a company domiciled in Nigeria. The Company was incorporated in Nigeria as a limited liability company on 30 May 2014 and commenced business in August 2015. The Company was converted from a private limited liability company to a public limited liability company on 16 May 2019, as a prelude to a scheme of merger. The Company later merged with the defunct Cement Company of Northern Nigeria Plc in a scheme of merger on 23 December 2019 and was listed on the Nigerian Stock Exchange on 9 January 2020. BUA Cement Plc is ultimately owned by Abdul-Samad Rabiu, CON.

The address of its registered office is 32, Churchgate Street, Victoria Island, Lagos. The principal activities of the Company are manufacturing and sales of cement to the general public. These activities are conducted primarily in Nigeria. The majority shareholder of the Company, Abdul-Samad Rabiu, CON is the Chairman of the Board of Directors and the ultimate owner of the Company.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The financial statements have been prepared in compliance with the Companies and Allied Matters Act (CAMA) and the International Financial Reporting Standards (IFRSs), including International Accounting Standards (IAS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC). Further standards may be issued by the International Accounting Standards Board (IASB) and may be subject to interpretations issued by the IFRS IC.

The financial statements have been prepared under the historical cost convention, except for decommissioning liabilities. The provision for decommissioning cost has been estimated based on the scope and method of abandonment using current requirements, price level adjusted for inflation and discounted using a risk-free discount rate for the nine active quarry sites as at 31 December 2020. Actual costs may however differ from the estimates based on the prevailing assumptions at the relevant periods.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires Directors to exercise judgement in applying the company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Directors believe that the underlying assumptions are appropriate and that the company's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The financial statements are presented in Nigerian Naira and all values are rounded to the nearest thousand (₦'000) except when otherwise indicated.

Notes to the Financial Statements (Cont.)

2.1.1 Going concern

The financial statements have been prepared in accordance with the going concern principle under the historical cost convention. The Directors have no doubt that the Company will remain in existence twelve (12) months after the statement of financial position date.

The Company reported a profit of ₦72.3 billion for the year ended 31 December 2020 (2019: ₦60.6 billion). At the statement of financial position date, the Company had a net asset of approximately ₦375.9 billion (2019: ₦363.7 billion) and net current asset of approximately ₦30.5 billion (2019: liability of ₦34.3 billion).

2.1.2 Changes in accounting policies and disclosures

2.1.2.1 New standards and interpretations adopted by the Company

The Company has applied the standards and amendments that are applicable to the Company for the first time in the annual reporting period commencing 1 January 2020.

Amendment to IFRS 3: Definition of a business

The amendment to IFRS 3 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the financial statements of the Company, but may impact future periods should the Company enter into any business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39 interest rate benchmark reform

The amendments made to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the Company as it does not have any interest rate hedge relationships.

Amendment to IAS 1 and IAS 8: Definition of material

The IASB's amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors which use a consistent definition of materiality throughout International Financial Reporting Standards and the Conceptual Framework for Financial Reporting, clarify when information is material and incorporate some of the guidance in IAS 1 about immaterial information.

In particular, the amendments clarify:

- that the reference to obscuring information addresses situations in which the effect is similar to omitting or misstating that information, and that an entity assesses materiality in the context of the financial statements as a whole, and

Notes to the Financial Statements (Cont.)

- the meaning of primary users of general purpose financial statements to whom those financial statements are directed, by defining them as 'existing and potential investors, lenders and other creditors' that must rely on general purpose financial statements for much of the financial information they need.

Amendments to IFRS 16 Covid-19 Related rent concessions

The IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases. The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. This amendment had no impact on the financial statements of the Company.

Revised conceptual framework for financial reporting

The IASB has issued a revised Conceptual Framework which would be used in standard-setting decisions with immediate effect. Key changes include:

- increasing the prominence of stewardship in the objective of financial reporting
- reinstating prudence as a component of neutrality
- defining a reporting entity, which may be a legal entity, or a portion of an entity
- revising the definitions of an asset and a liability
- removing the probability threshold for recognition and adding guidance on derecognition
- adding guidance on different measurement basis, and
- stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

There will be no changes to any of the current accounting standards applied by the Company. However, transactions, events or conditions that are not otherwise dealt with under the accounting standards will need to apply the revised Framework from 1 January 2020.

2.1.2.2 New standards and interpretations not yet adopted

Certain new accounting standards and interpretations, have been published that are not yet effective or mandatory for annual periods beginning on or after 1 January 2020 and have not been early adopted by the Company. These standards are not expected to have a material impact on the financial statements.

2018-2020 Annual improvements to IFRS Standards - IFRS 9 (effective for reporting periods on or after 1 January 2022)

As part of its 2018-2020 Annual Improvements to IFRS standards process, the IASB issued an amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

Notes to the Financial Statements (Cont.)

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual period in which it will first apply the amendment and does not expect this will result in a material impact on its financial statements.

Amendments to IAS 1, Presentation of financial statements on classification of liabilities (effective for reporting periods beginning on or after 1 January 2023)

The amendments issued by the IASB on January 23, 2020 impact only the presentation of liabilities in the statement of financial position - not the amount or timing of recognition of any asset, liability income or expenses. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the "right" to defer settlement by at least twelve months and make explicit that only rights in place "at the end of the reporting period" should affect the classification of a liability. The classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. The amendment also clarifies that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendment is effective for annual reporting periods beginning on or after 1 January 2023 with earlier adoption permitted. The Company will apply the classification amendments to financial liabilities with the "right" to defer settlement by at least twelve months as at the end of the annual reporting period in which it will first apply the amendment. The Company does not expect this will result in a material impact on its financial statements.

Amendments to IFRS 3, Business combinations (effective for reporting periods beginning on or after 1 January 2022)

The amendments issued on May 14, 2020 by the IASB was designed to update the conceptual framework reference in IFRS 3. Previously, the standard referenced the 1989 conceptual framework which had conflicting definitions for "assets" and "liabilities" in comparison with the 2018 conceptual framework. Paragraph 11 of IFRS 3 has been updated to reference the 2018 conceptual framework, without significantly changing the requirements of IFRS 3. This amendment eliminates the possibility of recognising day 2 gains or losses post-acquisition for already recognised balances.

The amendments also clarify that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. Early application is permitted, provided the Company also applies the updated Conceptual Framework on or before the date it first applies the amendments to IFRS 3. The Company does not expect this will result in a material impact on its financial statements.

Amendments to IAS 16, Property, plant and equipment - proceeds before intended use (effective for reporting periods beginning on or after 1 January 2022)

The amendments issued on May 14, 2020 by the IASB addresses the accounting treatment for proceeds generated from selling items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management. The amendments are effective for annual reporting periods beginning on or after 1 January 2022.

The standard was revised to prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Notes to the Financial Statements (Cont.)

Amendments to IAS 37, Provisions, contingent liabilities and contingent assets - "Onerous contracts - cost of fulfilling a contract" (effective for reporting periods beginning on or after 1 January 2022)

The changes in Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37) specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or 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 amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The amendments apply to contracts for which the Company has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives do not need to be restated.

2.2 Foreign currency translation

a Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity within the Company operates. The financial statements are presented in thousands of Naira which is the Company's functional and presentation currency.

b Transactions and balances

Foreign currency transactions are translated into Naira using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss within administrative expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss, and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

2.3 Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Notes to the Financial Statements (Cont.)

Capital work in progress are not depreciated. Depreciation of assets commences when assets are available for use. Depreciation on other assets is calculated using the straight line method of calculation i.e. the cost of the assets less its residual value, if applicable, over the number of useful lives (in years), as follows:

	Useful Life (years)
Land	Not depreciable
Buildings	30 - 50
Quarry equipment	6 - 25
Trucks	4
Plant and machinery	3 - 40
Furniture and fittings	5
Tools and laboratory equipment	5
Computers and office equipment	3 - 5
Motor vehicles	4
Construction work-in-progress	Nil

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Quarry exploration and production assets

Accounting for quarry exploration and production assets

Quarry exploration and evaluation expenditures are accounted for using the 'successful efforts' method of accounting. Costs are accumulated on a quarry-by-quarry basis. Geological and geophysical costs are expensed as incurred. Costs directly associated with a quarry, and exploration costs, are capitalised until the determination of minable reserves is evaluated. If it is determined that commercial discovery has not been achieved, these costs are charged to expenses.

Capitalisation is made within property, plant and equipment or intangible assets according to the nature of the expenditure.

Once commercial reserves are found, exploration and evaluation assets are tested for impairment and transferred to development tangible and intangible assets. No depreciation and/or amortisation is charged during the exploration and evaluation phase.

Development tangible and intangible assets

Expenditure on the construction, installation or completion of infrastructure facilities on commercially proven quarries and the drilling of commercially proven quarries, is capitalised within property, plant and equipment and intangible assets according to nature. When development is completed on a specific quarry, it is transferred to quarry equipment or intangible assets.

Depreciation/amortisation

No depreciation or amortisation is charged during the exploration and evaluation phase.

Quarry tangible and intangible assets are depreciated or amortised using the unit-of-production ("UoP") method. UoP rates are based on proved developed reserves, which are limestone and laterite reserves estimated to be recovered from existing facilities using current operating methods.

Notes to the Financial Statements (Cont.)

2.4 Intangible assets

Costs associated with maintaining software programmes are recognised as an expense when incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use it;- there is an ability to use the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Licenses

Licenses are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Software

Costs associated with acquiring software programmes are capitalised at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses.

Exploration assets

Exploration assets are carried at cost less any impairment losses. All costs, including overhead costs directly associated with the specific project are capitalised. The Directors evaluate each project at each period end to determine if the carrying value should be written off. In determining whether expenditure meets the criteria to be capitalised, the Directors use information from several sources, depending on the level of exploration. Purchased exploration and evaluation assets are recognised at the cost of acquisition or at the fair value if purchased as part of a business combination.

Amortisation methods and useful lives

The accumulated capitalised costs from exploration assets are amortised over the expected total production using a unit of production (UoP) basis. UoP is the most appropriate amortisation method because it reflects the pattern of consumption of the reserves' economic benefits.

The Company amortises other intangible assets with a limited useful life using the straight-line method over the asset's estimated useful lives or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the company will extend the lease longer than the estimated useful life.

	Useful Life (years)
Licenses	2-5
Software	3
Exploration Assets	25

Notes to the Financial Statements (Cont.)

2.5 Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.6 Financial instruments

2.6.1 *Classification and measurement*

i. Financial assets

It is the Company's policy to initially recognise financial assets at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss which are expensed in profit or loss.

Classification and subsequent measurement is dependent on the Company's business model for managing the asset and the cashflow characteristics of the asset. On this basis, the Company may classify its financial instruments at amortised cost, fair value through profit or loss and at fair value through other comprehensive income.

Financial assets held by the Company are classified based on the following:

- **Hold to collect:** Financial assets in this category are held by the Company solely to collect contractual cash flows and these cash flows represent solely payments of principal and interest. Assets held under this business model are measured at amortised cost.

- **Hold to collect and sell:** Financial assets in this category are held to collect contractual cash flows and sell. The cash flows represent solely payment of principal and interest. These financial assets are measured at fair value through other comprehensive income.

- **Hold to sell/residual:** This category is the residual category for financial assets that do not meet the criteria described above. Financial assets in this category are managed in order to realise the asset's fair value.

The financial assets of the Company are held to collect contractual cashflows that are solely payments of principal (for non-interest bearing financial assets) or solely payments of principal and interest (for interest bearing financial assets).

The Company's financial assets includes trade receivables, due from related parties and cash and cash equivalents. They are included in current assets, except for those with maturities greater than 12 months after the reporting date. Interest income from these assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss.

ii. Financial liabilities

Financial liabilities of the Company are classified and measured at fair value on initial recognition and subsequently at amortised cost net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, payable to related parties, lease liabilities and borrowings.

Notes to the Financial Statements (Cont.)

2.6.2 *Impairment of financial assets*

Recognition of impairment provisions under IFRS 9 is based on the Expected Credit Loss (ECL) model. The ECL model is applicable to financial assets measured at amortised cost or at fair value through other comprehensive income (FVOCI). The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

The simplified approach is applied to trade receivables while the general approach is applied to cash and cash equivalents and amounts due from related parties.

The simplified approach requires lifetime expected credit losses to be recognised on initial recognition of the receivables. This involves determining the expected loss rates using a provision matrix that is based on the Company's historical default rates observed over the expected life of the receivable and adjusted for forward-looking estimates. This is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period.

The three-stage (general) approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion and other qualitative indicators such as increase in political risk concerns or other macroeconomic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance. Financial assets classified as stage 1 have their ECL measured as a proportion of their lifetime ECL that results from possible default events that can occur within one year, while assets in stages 2 or 3 have their ECL measured on a lifetime basis.

Under the three-stage approach, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each individual exposure. The PD is based on default rates determined by external rating agencies for the counterparties. The LGD is determined based on management's estimate of expected cash recoveries after considering the cash recovery ratio of the counterparties. The EAD is the total amount outstanding at the reporting period. These three components are multiplied together and adjusted for forward looking information, such as the gross domestic product (GDP) growth rate and inflation rate in Nigeria, to arrive at an ECL which is then discounted to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognised in profit or loss.

2.6.3 *Significant increase in credit risk and default definition*

The Company assesses the credit risk of its financial assets based on the information obtained during periodic review of publicly available information, industry trends and payment records. Based on the analysis of the information provided, the Company identifies the assets that require close monitoring.

Furthermore, financial assets that have been identified to be more than 30 days past due on contractual payments are assessed to have experienced significant increase in credit risk. These assets are grouped as part of stage 2 financial assets where the three-stage approach is applied.

In line with the Company's credit risk management practices, a financial asset is defined to be in default when contractual payments have not been received at least 90 days after the contractual payment period. Subsequent to default, the Company carries out active recovery strategies to recover all outstanding payments due on receivables. Where the Company determines that there are no realistic prospects of recovery, the financial asset and any related loss allowance is written off either partially or in full.

Notes to the Financial Statements (Cont.)

2.6.4 *Derecognition*

i. Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and the transfer qualifies for derecognition. Gains or losses on derecognition of financial assets are recognised in profit or loss.

ii. Financial liabilities

The Company derecognises a financial liability when it is extinguished i.e. when the obligation specified in the contract 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 a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised immediately in the statement of profit or loss.

If the modification of the existing liability does not meet the requirements for de-recognition of the existing liability, the difference in the carrying amount and the modified liability amount is recognised immediately as a modification gain or loss in profit or loss.

2.6.5 *Offsetting of financial assets and financial liabilities*

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The legally enforceable right is not contingent on future events and is enforceable in the normal course of business, and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.7 Inventories

Inventories are valued at the lower of cost and net realisable value.

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

Cost comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), incurred in bringing inventory to its present location and condition but excludes borrowing costs.

The cost of engineering spares and fuel is determined using the weighted average method. Work-in-progress are valued at purchase cost incurred to date.

The cost of packing materials is determined using the first-in, first-out (FIFO) method and comprises purchase cost and other direct costs, incurred in bringing packing materials to its present location and condition but excludes borrowing costs.

Allowance is made for excessive, obsolete and slow moving items. Write-downs to net realizable value and inventory losses are expensed in the period in which the write-downs or losses occur.

2.8 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 90 days and therefore are all classified as current.

Notes to the Financial Statements (Cont.)

2.9 Other receivables

Other receivables are amounts paid for goods or services which are yet to be received/enjoyed. Other receivables are unsecured and no interest is charged on these receivables. Other receivables have been included in trade and other receivables on the statement of financial position.

2.10 Statement of cash flows

The statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating activities, investing activities and financing activities.

The cash flows from operating activities are determined by using the indirect method. Profit before tax is therefore adjusted by non-cash items. All income and expenses from non-cash transactions that are attributable to investing or financing activities are eliminated. Interest repayments on external borrowings are presented in financing activities.

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposit held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within bank overdraft in current liabilities.

The cash flows from investing and financing activities are determined by using the direct method.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash at hand and deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to a known amount of cash.

2.12 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is within one year or less. Otherwise, they are classified as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Notes to the Financial Statements (Cont.)

Amortised cost is calculated by taking into account any fees or costs that are integral part of the effective interest rate (EIR). EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial instrument. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the Effective Interest Rate (EIR), but not future credit losses.

The EIR amortisation is included in interest expense in the statement of profit or loss.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are derecognised from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

2.15 Provision for decommissioning liabilities

Provision for decommissioning liabilities associated with the Company's mining operations are based on land restoration processes and analysis of site conditions such as projected pit area, borrow material area, waste dump area and top soil dump area.

Under the Nigerian Minerals and Mining Act 2007 and the Health, Safety, and Reclamation Code, the primary objective of the reclamation plan will be to return, where practical, all areas disturbed by mining operations to an acceptable land use and capability. The reclamation method is forestry reclamation approach after mining activities. The disturbed mining areas are to be back filled, compacted, re-graded and re-vegetated to support forest land uses.

Decommissioning provisions are measured at the present value of the expected future cash flows that will be required to perform the site reclamation. The effect of the time to expected closure will be reflected in the discounting of the provision. The discount rate used is the pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the liability. The increase in the provision due to the passage of time is recognised as finance cost in profit or loss.

Decommissioning provisions are updated at each statement of financial position date for changes in the estimates of the amount or timing of future cash flows and changes in the discount rate. Changes to provisions that relate to site reclamation cost are added to or deducted from the carrying amount of the related asset in the current period.

Notes to the Financial Statements (Cont.)

2.16 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of Value Added Tax, excise duties, returns, customer discounts and other sales-related discounts. Revenue from the sale of products is recognised in profit or loss when the contract has been approved by both parties, rights have been clearly identified, payment terms have been defined, the contract has commercial substance, and collectability has been ascertained as probable. Collectability of customer's payments is ascertained based on the customer's historical records, guarantees provided, the customer's industry and advance payments made if any.

The five step recognition process for revenue is listed below:

- Identify the contract with a customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the prices to the performance obligations.
- Recognise revenue.

The probability that a customer would make payment is ascertained based on the evaluation done on the customer at the inception of the contract. The Company is the principal in all of its revenue arrangements since it is the primary obligor in the revenue arrangements, has inventory risk and determines the pricing for the goods and services.

Sale of goods

Revenue is recognised when the control of the goods is transferred to the customer. This occurs when the goods are delivered to the customer or when goods are picked up by the customers. This represents the single performance obligation in all revenue contracts with customers.

Revenue from sale of cement is recognised based on the price specified in the contract, net of the estimated rebates and returns. Rebates are estimated at the inception of the contract except where the time lag between the recognition of revenue and granting rebates is within the same month. Returns on goods are estimated at the inception of the contract except where the timing between when the revenue is recognised and when the returns occur is considered immaterial. In these instances, the returns are accounted for when they occur.

Advance payment made by customers for goods are deferred and recognised as contract liabilities in the statement of financial position.

The delivery service provided by the Company is a sales fulfillment activity and the income earned is recognised at the point in time when the goods are delivered to the customer.

Delivery of cement is done via third-party haulage service providers. The Company charges customers a separate fee for shipping and handling costs which serves as a direct reimbursement of costs paid to the third party for shipping.

Delivery occurs when the goods have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and when the customer has accepted the products in accordance with the sales contract, or the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

Notes to the Financial Statements (Cont.)

Disaggregation of revenue from contract with customers

The Company recognises revenue from the transfer of goods at a point in time from the sale of bagged cement and bulk cement. The Company has determined that the disaggregation of revenue based on the criteria of stream of revenue meets the disaggregation of revenue disclosure requirement of IFRS 15. It depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. See further details in Note 5.

2.17 Other income

This comprises profit from sale of property, plant and equipment, profit from sale of scraps and insurance claim etc. Income arising from disposal of items of property, plant and equipment and scraps is recognised at the time when transactions are finalised and ownership transferred by the Company. The profit on disposal is calculated as the difference between the net proceeds and the carrying amount of the assets.

2.18 Expenses

Expenses are recognised as they accrue during the course of the year. Analysis of expenses recognised in the statement of profit or loss is presented in classification based on the function of the expenses.

The Company classifies its expenses as follows:

- Cost of sales;
- Selling and Distribution expenses;
- Administrative expenses;

a. Cost of goods sold

These are the direct costs attributable to the production of the cement sold by the Company. These costs includes directly attributable costs such as the cost of direct materials, direct labour, energy costs, as well as production overheads, including depreciation of production facilities. The cost of goods sold includes write-downs of inventories where necessary.

b. Distribution and selling expenses

These comprise of the cost of marketing, the sales organization, and distribution logistics.

c. Administrative expenses

These comprise of the cost of running the administrative function of the Company.

2.19 *Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the BUA Cement leadership team which comprises of the members of the Board of Directors and other executive officers.

Segment information is required to be presented in respect of the Company's business and geographical segment, where applicable. The Company's primary format for segment reporting is based on operating segments. The operating segments are determined by management based on the Company's internal reporting structure. Where applicable, segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Management assessed that the Company has only one operating segment arising from the sale of cement. The Company's internal reporting structure is based on this operating segment.

Notes to the Financial Statements (Cont.)

2.20 Current and deferred income tax

The tax for the period comprises current, education and deferred taxes. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is recognised in other comprehensive income or directly in equity respectively.

Deferred tax is the tax expected to be payable or recoverable 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, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

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 liabilities on a net basis. Deferred tax assets and liabilities are presented as non-current in the statement of financial position.

2.21 Employee benefits

Pension scheme - Defined contribution scheme

In line with the Pension Reform Act 2004, the Company operates a defined contribution scheme; employees are entitled to join the scheme immediately they are employed. Contributions are made on a percentage of the employee's basic, transport and rent allowances by the employee and the Company. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

Pension scheme - Defined benefit scheme

The estimates of the terminal benefit obligations are calculated periodically, with the assistance of independent actuaries, using the projected unit credit method. This method considers best estimate actuarial assumptions including the probable future length of the employees' service, the employees' final pay, the expected average life expectancy and probable turnover of beneficiaries. The obligations are discounted based upon appropriate discount rates.

The current period expense comprises the increase in the obligation, which results from the additional benefits earned by the employees in the period, and the interest expense, which results from the outstanding pension obligation. The current period expenses related to the defined benefit plan are recorded in cost of sales, selling and distribution and administrative expenses based on the beneficiaries and the plan. Actuarial gains or losses are charged or credited to other comprehensive income in the period which they arise and it is accumulated in a separate reserve in equity.

Short-term benefits

Short term employee benefit obligations which include wages, salaries, bonuses and other allowances for current employees are measured on an undiscounted basis and recognised and expensed in the Company's statement of profit or loss as the employees render such services.

Notes to the Financial Statements (Cont.)

A liability is recognised for the amount expected to be paid under short-term benefits if the Company has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.22 Finance income

Finance income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.23 Finance cost

Finance cost comprises interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

2.24 Earnings per share

Basic earnings per share is computed by dividing the profit or loss attributable to owners of the Company by the weighted average number of shares outstanding during the period. Diluted earnings per share is calculated by dividing the profit or loss attributable to the owners of the Company, by the weighted average number of shares outstanding after adjusting for the effects of all dilutive potential ordinary shares.

2.25 Share capital, reserves and dividends

i. Share capital

The Company has only one class of shares i.e., ordinary shares. Ordinary shares are classified as equity.

ii. Reserves

Reserves include all current and prior period retained earnings, share premium, reorganisation reserve and reserve on actuarial valuation of defined benefit plan.

iii. Dividends

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the company. Dividends for the year that are approved after the statement of financial position date are disclosed as an event after the statement of financial position.

2.26 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

2.27 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether;

Notes to the Financial Statements (Cont.)

- the contract involves the use of an identified asset; This may be specified explicitly or implicitly. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

The Company primarily leases buildings (used as office space and warehouse). The lease terms are typically for fixed periods ranging from 1 year to 2 years but may have extension options as described below. On renewal of a lease, the terms may be renegotiated.

Contracts may contain both lease and non-lease components. The Company has elected not to separate lease and non-lease components and instead accounts for these as a single lease component. Lease terms are negotiated on an individual basis and contain different terms and conditions, including extension and termination options. The lease agreements do not impose any covenants, however, leased assets may not be used as security for borrowing purposes.

Leases in which the Company is a lessee
Leases are recognised as a right-of-use asset and a corresponding liability on the date at which the leased asset is available for use by the Company. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Lease liabilities
At the commencement date of a lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the Company under residual value guarantees;
- 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 Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

Right of use assets
Right-of-use assets are initially measured at cost, comprising of the following:

- 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.

Notes to the Financial Statements (Cont.)

The right-of-use asset and lease liability are presented separately from other non-lease assets and liabilities in the statement of financial position.

2.28 Government grant
Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the cost that they are intended to compensate.

2.29 Business combination under common control
Business combinations in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination (and where that control is not transitory), are referred to as common control transactions. The accounting policy for the acquiring entity is to account for the transaction at book values in its financial statements, as a result, no goodwill is recognised. Any difference between the acquirer's cost of investment and the acquiree's equity is presented separately in the re-organisation reserve in equity.

The Company has adopted the predecessor method of accounting for entities under common control. The book values of the acquired entity are the book values as reflected in the annual financial statements of the selling entity. Any non-controlling interest is measured as a proportionate share of the book values of the related assets and liabilities. Any expenses of the combination are written off immediately in the profit or loss.

Comparative amounts are restated as if the combination had taken place at the beginning of the earliest comparative period presented and adjustments are made to achieve uniform accounting policies - adopting the surviving/acquiring entity.

3 Financial risk management

3.1 Financial risk factors
The Company's business activities expose it to a variety of financial risks: market risk (including foreign exchange, interest rate, and price), credit risk and liquidity risk. The objective of the Company's risk management programme is to minimise potential adverse impacts on the Company's financial performance.

Risk management is carried out in line with policies approved by the Board of Directors. The Board of Directors ("the Board"), provides principles for overall risk management, as well as set the overall risk appetite for the Company. Specific risk management approaches are defined for respective risks such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity. The Company's overall risk management program seeks to minimise potential adverse effects on the Company's financial performance.

Notes to the Financial Statements (Cont.)

Risk management is the responsibility of the Treasury Manager, who aims to effectively manage the financial risk of the Company according to the policies approved by the Board of Directors. The Treasury Manager identifies and monitors financial risk. The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange, interest rates and credit risks, use of financial instruments and investment of excess liquidity.

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables (excluding prepayments), trade and other payables (excluding government grant), due from/to related parties.

3.1.1 Market risk

i. Foreign exchange risk

The Company is exposed to foreign exchange risk from some of its commercial transaction. Management minimises the effect of the currency exposure by buying foreign currencies when rates are relatively low and using them to settle bills when due. The Company is predominately exposed to the US Dollar and Euro.

The table below shows the closing balance of US Dollar and Euro denominated financial instruments and the impact on the Company's loss and equity if the exchange rate between the US Dollar, Euro and the Nigerian Naira had increased or decreased by 10% with all other variables held constant.

₦'000	31 December 2020	31 December 2019
Foreign currency denominated balances		
Trade payables	382,174	11,028,315
Due from related parties	-	(470,663)
Cash and cash equivalent	(1,014,091)	(801,836)
	631,918	9,755,816
Effect of 10% increase in exchange rate	63,192	975,582
Effect of 10% decrease in exchange rate	(63,192)	(975,582)

ii. Price risk

The Company is not exposed to price risk.

iii. Interest rate risk

The Company's operations are partly financed by loans obtained from Nigerian banks. Interest payable on such loans are charged by the banks to the Company.

The Company's interest rate risk arises from borrowings from the banks. Interest on bank borrowings are at fixed and floating.

The Company's policy on managing interest rate risk is to negotiate favorable terms with the banks to reduce the impact of exposure to this risk and to obtain competitive rates for loans obtained and for deposits held with the banks.

Notes to the Financial Statements (Cont.)

The table below shows the impact on the Company's net assets if interest rates on variable interest rate loans increased or decreased by 5%, with all other variables held constant. Mainly as a result of higher or lower interest expense.

₦'000	31 December 2020	31 December 2019
Effect of 5% increase in interest rates	(806,365)	(272,947)
Effect of 5% decrease in interest rates	806,365	272,947

3.1.2 Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from cash and cash equivalents as well as credit exposures to customers, including outstanding receivables from related parties.

The Company uses policies to ensure that sale of products are to customers with appropriate credit history. The granting of credit is controlled by credit limits and the application of certain terms of sale. The Company carries out its business mostly on a cash and carry basis. Individual customers make cash deposits before delivery of goods and corporate customers make payment within 3 months after goods are delivered.

No credit limits were exceeded during the reporting period and none of the counterparties renegotiated their terms in the reporting year. Management's expected credit loss as a result of non-performance by these counterparties is disclosed in the 'impairment of financial assets' section below.

The maximum exposure to credit risk for cash and cash equivalents, trade and other receivables and due from related parties approximates the amount recognised on the statement of financial position. The Company does not hold any collateral as security.

To measure the expected credit losses, financial assets have been grouped based on shared credit risk characteristics and the days past due.

Impairment of financial assets

The Company's financial assets that are subject to IFRS 9's new expected credit loss model are as follows:

- Trade receivables;
- Amount due from related parties; and
- Cash and cash equivalents.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

i. Trade receivables

The Company applies the simplified approach in measuring the expected credit losses (ECL) which calculates a lifetime expected loss allowance (ECL) for all trade receivables. Trade receivables represent the amount receivable from customers for the sale of goods in the ordinary course of business. The expected credit loss for trade receivables is determined using a provision matrix approach.

The expected loss rates as at 31 December 2020 are as follows:

Notes to the Financial Statements (Cont.)

₦'000 Age of trade receivables	0-30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 365 days	Total
Gross carrying amount*	60,346	-	179,730	222,140	8,351	470,568
Default rate	0.06%	0.18%	0.24%	0.35%	100%	-
Lifetime ECL	36	-	431	-	-	468
Net trade receivables	60,310	-	179,299	222,140	8,351	470,100

The expected loss rates as at 31 December 2019 are as follows:

₦'000 Age of trade receivables	0-30 days	31 - 90 days	91 - 180 days	181 - 365 days	Over 365 days	Total
Gross carrying amount*	186,113	-	66,553	-	101,892	354,558
Default rate	0.03%	0.09%	0.12%	0.18%	100%	-
Lifetime ECL	59	-	82	-	101,892	102,033
Net trade receivables	186,054	-	66,471	-	-	252,525

*The reconciliation of the gross carrying amount for trade receivables is as follows:

₦'000	2020	2019
Gross carrying amount as at 1 January	354,558	189,370
Additions during the year	3,841,427	7,000,504
Rebates offered to customers in the year	(208,935)	(1,080,298)
Receivables written off in the year	-	(26,920)
Receipts for the year	(3,516,482)	(5,728,098)
Gross carrying amount as at 31 December	470,568	354,558

ii. *Amounts due from related parties*

Amounts due from related parties arises from expenses incurred on behalf of related parties. The general (3 stage) approach has been adopted for recognising expected credit loss on amounts due from related parties as they do not meet the criteria for applying the simplified approach.

The three-stage model requires monitoring of credit risk to determine when there has been a significant increase. The ECL has been calculated using the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). The three (3) stage model also incorporates forward-looking estimates.

Notes to the Financial Statements (Cont.)

₦'000	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
At 31 December 2020				
Gross EAD*	-	-	-	-
Loss allowance as at 31 December 2020	-	-	-	-
Net EAD	-	-	-	-

	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
At 31 December 2019				
Gross EAD*	18,016,340	-	-	18,016,340
Loss allowance as at 31 December 2019	(1,262,490)	-	-	(1,262,490)
Net EAD	16,753,850	-	-	16,753,850

*The reconciliation of the gross carrying amount for amount due from related parties is as follows:

₦'000	31-December 2020	31-December 2019
Gross carrying amount as at 1 January	18,016,340	67,382,139
Additions during the year	-	186,103,931
Unrealised exchange loss on related party balances	-	-
Receipts for the year	(18,016,340)	(235,469,729)
Gross carrying amount as at 31 December	-	18,016,340

iii. *Cash and cash equivalents*

The Company also assessed the cash and cash equivalents to determine their expected credit losses. Based on this assessment, they identified the expected losses on cash as at 31 December 2019 and 31 December 2020 to be insignificant, as the loss rate is deemed immaterial. Cash and cash equivalents are assessed to be in stage 1.

Sensitivity of estimates used in IFRS 9 ECL

In establishing sensitivity to ECL estimates for trade receivables and related parties receivables, three variables (GDP growth rate, Exchange rate and Inflation rate) were considered. Of these variables, the Company's receivables portfolio reflects greater responsiveness to Exchange rate and inflation rates.

The table below shows information on the sensitivity of the carrying amounts of the Company's financial assets to the methods, assumptions and estimates used in calculating impairment losses on those financial assets at the end of the reporting period. Changes to these methods, assumptions and estimates may result in material adjustments to the carrying amounts of the Company's financial assets.

Notes to the Financial Statements (Cont.)

Estimation uncertainty in measuring impairment loss

i. *Trade receivables*

a. *Expected cash flow recoverable:*

The table below demonstrates the sensitivity to a 10% change in the expected cash flows from trade receivables, with all other variables held constant:

₦'000	**Effect on profit before tax**	
Increase/(decrease) in estimated cash flows	**2020**	**2019**
-10%	-	127,191
+10%	-	(155,455)

b. *Forward looking macro-economic variables:*

This table shows the sensitivity of the expected credit loss to an inverse and positive change to each forward-looking macro variables, with all other variables held constant:

₦'000			**GDP growth rate**	
		-10%	**Held constant**	**+10%**
Effect on expected credit loss 2020				
	+10%	-	-	-
Inflation Rate	Held Constant	-	-	-
	-10%	-	-	-
Effect on expected credit loss 2019				
	+10%	(850)	4,774	10,397
Inflation Rate	Held Constant	(5,624)	-	5,624
	-10%	(10,397)	(4,774)	850

ii. *Amounts due from related parties*

The table below demonstrates the sensitivity to movements in the following inputs for amount due from related parties with all other variables held constant:

₦'000

Probability of default (PD)	**Effect on profit before tax**	
	2020	**2019**
-10%	-	1,151,770
+10%	-	(1,405,360)

Loss given default (LGD)	**Effect on profit before tax**	
	2020	**2019**
-10%	-	1,151,770
+10%	-	-

Notes to the Financial Statements (Cont.)

Forward looking macroeconomic indicators		**GDP growth rate**	
	-10%	**Held constant**	**+10%**
Effect on expected credit loss 2020			
-10%	-	-	-
Held Constant	-	-	-
+10%	-	-	-
Effect on expected credit loss 2019			
-10%	(7,514)	31,366	70,157
Held Constant	(38,954)	-	38,863
+10%	(70,452)	(31,425)	7,511

3.1.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Liquidity risk is managed by maintaining sufficient cash reserves at all times so that the Company is able to meet its obligations as they fall due. The Company manages liquidity risk by effective working capital and cash flow management.

The Company invests its surplus cash in interest bearing accounts. At the reporting date the company had ₦0.3 billion (2019: ₦1.6 billion) in current accounts.

Maturity Analysis

The table below analyses the Company's financial liabilities into relevant maturity based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

₦'000	**Less than 6 months**	**6 - 12 months**	**Over 12 months**	**Total**
At 31 December 2020				
Financial liabilities:				
Trade and other payables (Note 18)	5,770,382	-	-	5,770,382
Due to related parties (Notes 26b)	34,497,761	-	-	34,497,761
Short-term borrowings (Note 20)	105,648,512	-	-	105,648,512
Debt security issued (Note 21)	-	-	115,000,000	115,000,000
Lease liabilities (Note 13)	-	-	37,317	37,317
	145,916,655	**-**	**115,037,317**	**260,953,972**

Notes to the Financial Statements (Cont.)

	Less than 6 months	6 - 12 months	Over 12 months	Total
At 31 December 2019				
Financial liabilities:				
Trade and other payables (Note 18)	19,843,875	-	-	19,843,875
Due to related parties (Notes 26b)	918,741	-	-	918,741
Short-term borrowings (Note 20)	21,423,504	-	-	21,423,504
Lease liabilities (Note 13)	-	41,677	6,675	48,352
	42,186,120	**41,677**	**6,675**	**42,234,472**

Value added tax, withholding tax and other statutory related items are excluded as they are non-financial instruments.

3.2 Fair value estimation

The carrying values of cash and cash equivalents, trade and other receivables, trade and other payables, amounts due to/from related parties and borrowings approximate their fair value.

3.3 Fair value hierarchy

All the Company's financial assets and liabilities are measured at amortised cost. The carrying amounts of all financial assets and liabilities at the reporting date approximate their fair value.

3.4 Financial instruments by category

₦'000	At 31 December 2020		At 31 December 2019	
	Financial assets at amortised cost	Financial liabilities at amortised cost	Financial assets at amortised cost	Financial liabilities at amortised cost
Financial assets				
Trade and other receivables	461,635	-	252,525	-
Due from related parties	-	-	16,753,850	-
Cash and cash equivalents	123,821,089	-	15,586,664	-
Financial liabilities				
Trade and other payables	-	5,770,382	-	19,843,875
Due to related parties	-	34,497,761	-	918,741
Short-term borrowings	-	105,648,512	-	21,423,504
Long-term borrowings	-	50,449,387	-	-
Current Lease liabilities	-	-	-	41,677
Non current lease liabilities	-	37,317	-	6,675
Debt security issued	-	113,195,044	-	-
	124,282,724	**309,598,403**	**32,593,039**	**42,234,472**

Notes to the Financial Statements (Cont.)

Value added tax, withholding tax and other statutory related items are excluded as they are non-financial instruments

3.5 Capital risk management

The objective of managing capital is to safeguard the Company's ability to continue as a going concern in order to maximise returns for shareholders and benefits for other stakeholders as well as maintaining the optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, capital returned to shareholders, new shares issued, or debt raised.

The Company monitors capital using the gearing ratio. This is determined as the proportion of net debt to equity. No formal debt/equity target has been established.

The gearing ratios at year end is as follows:

₦'000	Notes	31 December 2020	31 December 2019
Debt	i	156,097,899	21,423,504
Cash and cash equivalents		(123,821,089)	(15,586,664)
Net debt		32,276,810	5,836,840
Equity	ii	375,954,728	363,697,242
Gearing ratio		**9%**	**2%**

Note i: Debt is defined as long and short term borrowings including bank overdraft.

Note ii: Equity includes all capital and reserves of the Company.

Loan covenants

Under the terms of the major borrowing facilities, the Company is required to comply with the following financial covenants:

- The Company shall not enter into a merger, demerger, or change in ownership structure without the written consent of the bank;
- The Company shall provide the bank with a copy of its audited statement of financial position and profit or loss accounts within 120 days of the end of the financial year.

The Company complied wih these covenants and has thus classified all outstanding borrowings as current and non-current liabilities in the statement of financial position as at 31 December 2020.

4 Critical accounting estimates, judgments

4.1 Critical accounting policies and key sources of estimation uncertaint

The preparation of financial statements requires Directors to use judgment in applying its accounting policies and estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on Directors experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. Significant accounting judgment and estimate made in the preparation of the financial statements is shown below.

Notes to the Financial Statements (Cont.)

4.1.1 Useful life and residual value of property, plant and equipment and intangible assets.

Property, plant and equipment and intangible assets with definite life are depreciated over their useful life. The Company estimates the useful lives of property, plant and equipment and intangible assets based on the period over which the assets are expected to be available for use. The estimation of the useful lives of plant and machinery are based on technical evaluations carried out by those staff with knowledge of the machines and experience with similar assets. Estimates could change if expectations differ due to physical wear and tear and technical or commercial obsolescence.

It is possible however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives or residual values of the plant and machinery would increase expenses and decrease the value of non-current assets.

4.1.2 Provision for decommissioning liabilities

The Board of Directors exercises significant judgement in estimating provision for restoration/ decommissioning costs. Should these estimates vary, profit or loss and statement of financial position in the following years would be impacted. The estimation of the decommissioning costs is based on technical evaluations carried out by staff and experts with knowledge of the site and experience with similar assets. Estimated costs of restoring, where practical, all areas disturbed by mining operations to an acceptable land use and capability are based on expected future value of current market prices based on inflation rates. This is discounted to a present value using the yield on long term risk free bonds over the expected useful life of the sites.

Estimates could change due to changes in inflation rate, expected useful life of assets, yield on risk free bonds and market prices. The amount and timing of expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated costs could reduce the cost of the mines and reduce interest expense.

4.1.3 Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default, expected loss rates and maximum contractual period. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note (3.1.2).

4.1.4 Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate);
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate);
- Otherwise, the Company considers other factors, including historical lease durations and the costs and business disruption required to replace the leased asset.

Notes to the Financial Statements (Cont.)

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the control of the lessee. During the financial year, there were no revised lease terms.

4.1.5 Deferred tax asset

The Company is subject to income taxes within Nigeria, which does not require much judgement in terms of provision for income taxes but a certain level of judgement is required for recognition of the deferred tax assets. Management is required to assess the ability of the Company to generate future taxable economic earnings that will utilise the deferred tax assets. Assumptions over the generation of future taxable profits depends on management's estimates of future cash flows. This estimate of future taxable income is based on forecast cash flows from operations.

4.1.6 Defined benefit plan

The present value of the company's defined plan and the related current service cost and past service cost, are measured using the projected unit credit (PUC) Method. This method considers best estimate actuarial assumptions including the probable future length of the employees' service, the employees' final pay, the expected average life expantancy and probable turnover of beneficiaries. Details of assumptions made in arriving at the defined benefit obligations are disclosed in note 11b.

5 Revenue from contracts with customers

The Company derives revenue from the transfer of goods at a point in time in the following major product categories:

₦'000	31 December 2020	31 December 2019
Sale of bagged cement	209,005,779	174,868,984
Sale of bulk cement	437,708	649,342
	209,443,487	175,518,326

The Company's transactions in 2020 with two major customers which contributed more than 10% each of the total revenue from the sale of cement is ₦60.1 billion (2019: ₦46.6 billion).

a. **Disaggregation of revenue from contracts with customers**

Revenue from contracts with customers is disaggregated by primary geographical market and timing of revenue recognition.

i. **Primary geographical markets**

₦'000	31 December 2020	31 December 2019
Nigeria	208,015,930	170,459,609
Outside Nigeria	1,427,557	5,058,717
	209,443,487	175,518,326

ii. **Timing of revenue recognition**

The Company derives revenue from the transfer of goods and services at a point in time.

Notes to the Financial Statements (Cont.)

b. **Liabilities relating to contracts with customers**

The Company has recognised the following liabilities relating to contracts with customers:

₦'000	31 December 2020	31 December 2019
Contract liabilities	42,138,330	32,868,945

The following shows the movement in contract liabilities during the year

₦'000	31 December 2020	31 December 2019
Balance as at 1 January	32,868,945	7,936,831
Payments received in advance of satisfaction of performance obligation/discount offered	241,887,242	196,045,074
Revenue recognised for goods previously paid for	(232,617,857)	(171,112,960)
	42,138,330	32,868,945

6 Impairment (write back)/charge on financial assets

₦'000	31 December 2020	31 December 2019
Impairment (writeback)/charge on trade and other receivables (Note 17ii)	(93,100)	141
Impairment write back on due from related parties (Note 26c)	(1,262,490)	(3,758,368)
	(1,355,590)	(3,758,227)

Notes to the Financial Statements (Cont.)

7.1 Expenses by nature

₦'000	31 December 2020	31 December 2019
Raw materials	21,279,956	11,741,425
Energy consumption	43,054,993	36,293,488
Staff cost (Note 7.3)	8,099,100	7,868,242
Amortisation of intangible assets (Note 14)	227,871	147,968
Depreciation of property, plant and equipment (Note 12)	15,199,012	13,946,325
Depreciation of right of use (Note 13)	56,191	37,771
Audit fee	111,514	114,225
Consultancy fees*	195,083	194,553
Other repairs and maintenance expenses	5,368,495	3,607,447
Operation and maintenance service charges	26,654,721	25,411,909
Cement haulage charges	203,824	148,940
Management and technical support fees	1,940,257	1,901,948
Office running expenses	485,921	686,539
Advertising and sales promotion cost	428,964	431,755
Water supply	73,459	108,931
Communication expenses	156,363	105,534
Security expenses	555,286	453,601
Subscription dues	40,579	32,689
Transportation and travelling expenses	208,487	363,800
Bank charges	537,056	635,043
Refractories cost	383,694	320,297
Insurance	481,614	443,008
Rental expense	7,748	7,011
Foreign exchange loss	616,147	183,227
Merger and listing fees	37,212	1,322,507
Directors' emoluments	142,736	126,149
Directors' expenses	66,856	-
Donation	753,645	89,769
Other expenses	1,785,797	1,174,682
	129,152,581	107,898,783

*Consultancy fees include tax, legal and administrative fees

*There were no fees incurred in the year for non-audit services provided by the auditors of the Company (2019: Nil)

Notes to the Financial Statements (Cont.)

Non-audit services provided by other professionals in respect of the financial statements are as follows:

Name of professional	FRC number of the professional	Name of firm	Nature of service
Rotimi Okpaise (FIA, ASA)	FRC/2012/NAS/00000000738	Ernst & Young	Actuarial
Oluwole Obayomi (FCIT)	FRC/2014/CITN/00000010157	KPMG	Tax

7.2 Expenses summarised as follows:

₦'000	31 December 2020	31 December 2019
Cost of sales	113,964,695	93,075,294
Administrative expenses	10,320,437	10,516,380
Distribution and selling expenses	4,867,449	4,307,109
	129,152,581	107,898,783

7.3 Staff costs

₦'000	31 December 2020	31 December 2019
Staff salaries and allowances	7,962,943	7,262,769
Directors' emolument	142,736	126,149
Staff welfare and training	136,222	146,697
Medical expenses	135,902	68,118
Pension (employer contribution)	219,534	178,980
Defined benefit plan (Note 11b):		
- Current service cost	688,606	152,276
- Plan amendment	(1,186,842)	(66,747)
	8,099,100	7,868,242

8 Other income

₦'000	31 December 2020	31 December 2019
Sundry income	35,671	7,789
Insurance claim	110,410	15,919
Amortisation of government grant (Note 22)	229,438	26,287
Profit on disposal of property, plant and equipment	-	253
	375,519	50,248

9 Finance income and costs

a. Finance income

₦'000	31 December 2020	31 December 2019
Interest income	859,618	157,002
	859,618	157,002

Notes to the Financial Statements (Cont.)

b. Finance Cost

₦'000	31 December 2020	31 December 2019
Interest expense on lease liability	3,756	5,827
Interest expense on bond	24,951	-
Interest expense on defined benefit obligation	433,600	305,426
Interest expense on bank loans (Note 20a)	2,968,068	3,132,484
Other finance costs		
Interest on funding from related party**	13,159,223	2,326,458
Unwinding of provision for decomissioning liabilities (Note 19) *	286,949	280,572
	16,876,547	6,044,940
Amount capitalised***	(13,039,677)	(695,884)
Finance costs expensed	3,836,870	5,349,056
Net finance cost	2,977,252	5,192,054

*The unwinding of provision for liabilities is due to passage of time in recognition of the present value of the future obligation relating to restoration of quarries being mined by the Company as at year end. Amount is non-cash and has been adjusted for in cash generated from operating activities in the statement of cash flows.

**This relates to interest incurred on funding provided by related parties for construction. Interest expense incurred during the construction phase has been capitalised as part of property, plant and equipment in line with IAS 23 (Borrowing cost).

***Capitalised borrowing costs

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the effective interest rate (EIR) applicable to the Company's specific and general borrowings that are directly attributable to the acquisition, construction or production of a qualifying asset. The determined rate is 13% (2019: 19%).

10 Taxation

a. Income tax charge

₦'000	31 December 2020	31 December 2019
Minimum tax	171,265	11,462
Tertiary education tax	681,809	460,599
Current income tax	-	-
*Pioneer status adjustment	-	-
Total current income tax charge	681,809	460,599
Police trust fund levy	-	3,228
Deferred tax charge	5,847,353	5,150,389
Income tax charge	6,529,162	5,614,216

Notes to the Financial Statements (Cont.)

*The Company applied to the Nigerian Investment Promotion Commission (NIPC) for a pioneer status for its Production Line 2 in Kalambaina, Sokoto State and an extention for its existing pioneer status on the Okpella Production Line 1, Edo State. The pioneer status were approved on 26 February 2020 covering a three-year and a two-year period respectively. As a result, no current income tax has been accrued on the pioneer profits in the year. In line with IFRIC 21, ₦171.3 million (2019: ₦11.5 million) arising from minimum tax computations is included in the charge for the year on the statement of financial position but above the line in the statement of profit or loss and other comprehensive income for the year.

Profit is apportioned between the plants on the basis of cement dispatched from the plants.

b. **Current income tax liabilities**

₦'000	31 December 2020	31 December 2019
The movement in current income tax liabilities is as follows:		
Opening balance	813,724	2,257,725
Provision for the year	853,074	472,061
Police trust fund levy	-	3,228
Payment during the year	(744,369)	(1,919,290)
Closing balance	922,428	813,724

A reconciliation of the Company's tax expense and the product of accounting profit multiplied by domestic tax rate for the year ended 31 December 2020 is as follows:

₦'000	31 December 2020	31 December 2019
Profit before tax	78,873,498	66,224,501
Tax at 30% statutory tax rate	23,662,049	19,870,789
Adjustments:		
Tertiary education tax	681,809	460,599
Police trust fund levy	-	3,228
Effect of permanent difference	1,397,651	1,948,283
Pioneer status adjustment	(19,095,400)	(16,556,357)
Deferred education tax	(116,947)	(112,326)
Income tax charge	6,529,162	5,614,216

c. **Deferred tax assets**

₦'000	31 December 2020	31 December 2019
Opening balance	12,140,877	10,972,246
Deferred tax reclassification	(12,140,877)	1,168,631
Closing balance	-	12,140,877

Deferred tax asset relates to unutilised capital allowances, unrealised exchange loss and provision on the Company's Okpella Production Line 1 and Kalambaina Production Line 2, to the extent that the realisation of the related tax benefit through future taxable profits is probable. All deferred tax assets are deemed to be recoverable after 12 months.

Notes to the Financial Statements (Cont.)

₦'000	Property, plant and equipment	Unrealised exchange difference	Provisions and others	Total
At 1 January 2020	10,579,840	28,535	1,532,502	12,140,877
Reclassification to deferred tax liabilities	(10,579,840)	(28,535)	(1,532,502)	(12,140,877)
At 31 December 2020	-	-	-	-
At 1 January 2019	7,073,209	1,075,385	2,823,652	10,972,246
Charged/(credited) to profit or loss	3,506,631	(1,046,850)	(1,291,150)	1,168,631
At 31 December 2019	10,579,840	28,535	1,532,502	12,140,877

d. **Deferred tax liabilities**

₦'000	31 December 2020	31 December 2019
Opening balance	7,492,289	1,288,054
Reclassification from deferred tax asset	(12,140,876)	-
Deferred tax charge for the year - profit or loss	5,847,353	6,319,018
Deferred tax credit for the year - OCI	(78,544)	(114,783)
Closing balance	1,120,222	7,492,289

Deferred tax liabilities relates to unutilised capital allowances, employee defined benefit, unrealised exchange loss and provisions on the Company's Kalambaina Production Line 1 and Okpella Production Line 2 which are expected to unwind with passage of time.

₦'000	Property, plant and equipment	Unrealised exchange difference	Provisions and others*	Total
At 1 January 2020	(8,467,207)	14,858	960,060	(7,492,289)
Reclassification from deferred tax asset	10,579,840	28,535	1,532,502	12,140,877
Credit to other comprehensive income (OCI)	-	-	78,544	78,544
Charged/(credited) to profit or loss	(4,774,824)	35,152	(1,107,681)	(5,847,353)
At 31 December 2020	(2,662,191)	78,545	1,463,425	(1,120,221)
At 1 January 2019	(1,750,896)	-	462,842	(1,288,054)
Credit to other comprehensive income (OCI)	-	-	114,783	114,783
Charged/(credited) to profit or loss	(6,716,311)	14,858	382,435	(6,319,018)
At 31 December 2019	(8,467,207)	14,858	960,060	(7,492,289)

*Others relate to deferred tax liabilities arising from the Company's defined benefits plan to employees.

11 Employee benefit obligations

a. **Defined contribution plan**

The Company operates a defined contribution pension scheme in line with the provisions of the Pension Reform Act, 2014, with contributions based on the employees' emoluments in the ratio 8% by the employee and 10% by the employer.

Notes to the Financial Statements (Cont.)

The Company's contributions to this scheme is charged to the profit or loss account in the period to which they relate. Contributions to the scheme are managed by Stanbic IBTC pension manager, and other appointed pension managers on behalf of the beneficiary staff in line with the provisions of the Pension Reform Act.

Consequently, the Company has no legal or constructive obligations to pay further contributions if the funds do not hold sufficient assets to meet the related obligations to employees.

As at 31 December 2020, the unpaid contribution amounted to ₦4.6 million (2019: ₦18.4 million).

b. **Defined benefit plan**

The Company has a retirement benefits policy for certain of its full-time employees who have served the Company for a minimum of 5 years and 2 years for top management staff and other staff categories respectively. All of the plans are final salary pension plans, which provide benefits to members in the form of a guaranteed level of gratuity on retirement or exit. The level of benefits provided depends on members' length of service and their salary in the final years leading up to retirement. Employees' mandatory retirement age is 60 years (2019: 60 years).

The valuations of the present value of the defined benefit plan were carried out at 31 December 2020 by Ernst & Young. The present value of the plan and the related current service cost and past service cost, were measured using the Projected Unit Credit (PUC) Method.

In calculating the liabilities, the method:

i. Recognises the service rendered to the Company by each member of staff at the reporting date;
ii. Anticipates that salaries will increase between the review date and the eventual exit date of the employee via withdrawal, death or retirement and then;
iii. Discounts the expected benefit payment to the reporting date.

i. Valuation assumptions

The valuation assumptions fall under two broad categories:

- Financial assumptions
- Demographic assumption

Risk exposure

Through its defined benefit pension plans the Company is exposed to a number of risks, the most significant of which are detailed below:

Changes in bond yields	A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plans' bond holdings.
Inflation risks	The Company's pension obligations is linked to salary inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation).
Life expectancy	The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plans' liabilities. This is particularly significant in the plan, where inflationary increases result in higher sensitivity to changes in life expectancy.

Notes to the Financial Statements (Cont.)

The principal financial assumptions used for the purposes of the actuarial valuations were as follows:

%	31 December 2020	31 December 2019
Long term average discount rate per annum	8.5	13.5
Average rate(s) of salary increase per annum	11	12
Average inflation rate per annum	11	11

Discount rate
In order to measure the liability, the projected benefit must be discounted to a net present value as at the current statement of financial position date, using an interest assumption (called the discount rate).

IFRS through IAS 19 requires that the discount rate be determined on the Company's statement of financial position date by reference to market yields on high quality corporate bonds (except where there is no deep market in such bonds, in which case the discount rate should be based on market yields on Government bonds).

The discount rate should reflect the duration of the liabilities of the benefit programme.

The weighted average liability duration for the plan is 12.75 years. The average weighted duration of the closest Nigerian government bond as at 31 December 2020 was 11.06 years with a gross redemption yield of 7.55%.

The Company has adopted 8.5% (2019: 13.5%) per annum as the discount rate for the current year valuation.

ii. Demographic assumptions
Mortality in service
The rates of mortality assumed for employees are the rates published in the A67/70 Ultimate Tables, published jointly by the Institute and Faculty of Actuaries in the UK.

	Number of deaths in year of age out of 10,000 lives	
Sample Age	2020	2019
25	7	7
30	7	7
35	9	9
40	14	14
45	26	26

Withdrawal from service

Age band	2020 rate	2019 rate
Less than or equal to 30	3.0%	3.0%
31 – 35	3.0%	3.0%
36 – 40	3.0%	3.0%
41 – 45	2.0%	2.0%
46 – 55	5.0%	5.0%

Notes to the Financial Statements (Cont.)

ii. The amount included in the statement of financial position as a result of the entity's obligation in respect of its defined benefit plans is as follows:

₦'000	31 December 2020	31 December 2019
Present value of the defined benefit plan	3,645,893	2,908,526

Reconciliation of change in the present value of the defined benefit plan are as follows:

₦'000	31 December 2020	31 December 2019
Balance at beginning of the year	2,908,526	2,201,781
Current service cost	688,606	152,276
Interest cost	433,600	305,426
Plan amendment	(1,186,842)	(66,747)
Actuarial losses/(gains) - Change in assumption	311,931	334,177
Actuarial losses/(gains) - Experience adjustment	590,847	48,434
Benefit paid during the year	(100,775)	(66,821)
Balance at end of the year	**3,645,893**	**2,908,526**

Plan amendment is as a result of an amendment in the benefit structure during the financial year ended 31 December 2020. This led to a reduction in past service cost of ₦1.19 billion.

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

₦'000	31 December 2020	31 December 2019
Current service cost (Employee cost)	688,606	152,276
Interest on obligation (Finance cost)	433,600	305,426
Defined benefit plan amendment (Employee cost)	(1,186,842)	(66,747)
	(64,636)	**390,955**

Amounts recognised in other comprehensive income (OCI) are as follows:

₦'000	31 December 2020	31 December 2019
Actuarial loss/(gain) on defined benefit plan:		
- Change in assumption	311,931	334,177
- Change in experience adjustment	590,847	48,434
	902,778	382,611
Deferred tax credit	(78,544)	(114,783)
Amount recognised in OCI (net of tax)	**824,234**	**267,828**

Notes to the Financial Statements (Cont.)

Net liability recognised in the statement of financial position

₦'000	31 December 2020	31 December 2019
Balance at 1 January	2,908,526	2,201,781
Net periodic benefit cost recognised in profit or loss	(64,636)	390,955
Benefit paid during the year	(100,775)	(66,821)
Amount recognised in other comprehensive income	902,778	382,611
Balance at 31 December	**3,645,893**	**2,908,526**

iii. **Sensitivity analysis on accrued liability**

₦'000		Accrued liabilities	
		2020	2019
		3,645,893	2,908,526
Sensitivity base	**Parameters**		
Discount rate	+1%	3,547,315	3,547,315
	-1%	3,762,680	3,762,680
Salary increase	+1%	3,763,487	3,763,487
	-1%	3,544,708	3,544,708
Mortality experience	Age rated up by 1 year	3,645,064	3,645,064
	Age rated down by 1 year	3,646,634	3,646,634

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

The weighted average duration of the defined benefit obligation is 12.75 years (2019 – 7.61 years). The expected maturity analysis of the defined benefit obligation is as follows:

Year	₦'000
2021	27,505
2022	50,262
2023	68,725
2024	175,678
2025	277,299
2026 - 2030	1,746,414

Notes to the Financial Statements (Cont.)

12. Property, plant and equipment (PPE)

₦'000	Land	Buildings	Plant and machinery	Furniture and fittings	Motor vehicles	Quarry equipment	Tools, computers, laboratory and office equipment	Trucks	Capital work in progress	Total
Cost										
At 1 January 2020	264,019	59,024,054	353,667,730	443,548	1,212,605	4,824,960	1,172,769	8,693,067	143,722	429,446,474
Additions	199,842	169,654	2,956,867	88,693	206,143	48,810	89,623	-	144,359,206	148,118,838
Transfers	-	96,350	(627,914)	(1,999)	-		(12,348)	-	(7,448,000)	(7,993,911)
Changes in estimates (Note 19)	-	-	-	-	-	4,947,207	-	-	-	4,947,207
At 31 December 2020	**463,861**	**59,290,058**	**355,996,683**	**530,242**	**1,418,748**	**9,820,977**	**1,250,044**	**8,693,067**	**137,054,928**	**574,518,608**
At 1 January 2019	214,372	31,750,670	311,196,272	366,709	925,005	4,756,970	984,856	2,443,067	57,240,138	409,878,059
Additions	36,226	1,217,242	1,407,936	76,984	291,578	1,176,404	187,270	6,250,000	12,845,978	23,489,618
Transfers	13,421	26,056,142	43,872,188	-	-	-	643	-	(69,942,394)	-
Reclassifications	-	-	(2,808,666)	-	-	(1,529,315)	-	-	-	(4,337,981)
Disposals	-	-	-	(145)	(3,978)	-	-	-	-	(4,123)
Changes in estimates (Note 19)	-	-	-	-	-	420,901	-	-	-	420,901
At 31 December 2019	**264,019**	**59,024,054**	**353,667,730**	**443,548**	**1,212,605**	**4,824,960**	**1,172,769**	**8,693,067**	**143,722**	**429,446,474**

Notes to the Financial Statements (Cont.)

12. Property, plant and equipment (PPE) Continued

₦'000	Land	Buildings	Plant and machinery	Furniture and fittings	Motor vehicles	Quarry equipment	Tools, computers, laboratory and office equipment	Trucks	Capital work in progress	Total
Depreciation										
At 1 January 2020	-	3,212,638	27,741,645	266,095	655,394	1,563,082	534,215	2,067,134	-	36,040,204
Charge for the year	-	1,161,258	10,908,638	42,319	160,887	661,612	90,710	2,173,588	-	15,199,012
Transfers	-	(40)	(18,688)	(729)	-	(322)	(13,656)	-	-	(33,436)
At 31 December 2020	**-**	**4,373,856**	**38,631,595**	**307,685**	**816,281**	**2,224,372**	**611,269**	**4,240,722**	**-**	**51,205,779**
At 1 January 2019	-	2,159,395	17,654,740	234,677	519,866	1,104,551	458,896	310,535	-	22,442,660
Charge for the year	-	1,053,243	10,360,930	31,418	139,506	529,310	75,319	1,756,599	-	13,946,325
Reclassification	-	-	(274,025)	-	-	(70,779)	-	-	-	(344,804)
Disposals	-	-	-	-	(3,978)	-	-	-	-	(3,978)
At 31 December 2019	-	3,212,638	27,741,645	266,095	655,394	1,563,082	534,215	2,067,134	-	36,040,203
Net book value										
At 31 December 2020	463,861	54,916,203	317,365,088	222,557	602,467	7,596,605	638,775	4,452,345	137,054,928	523,312,829
At 31 December 2019	264,019	55,811,416	325,926,085	177,453	557,211	3,261,878	638,554	6,625,933	143,722	393,406,271

Notes to the Financial Statements (Cont.)

12 Property, plant and equipment (continued)

a. All borrowings are secured by a debenture on all the fixed and floating assets of the Company. Refer to Note 20 for further details.

b. Reclassifications represent intangible assets and intercompany balances now reclassified to their respective accounts.

c. Transfers relate to the accummulated constrution cost of the company's production plant which is now transferred to the respective asset classes on completion of the plant and subsequently depreciated.

d. Included in quarry equipment is cost relating to restriction of quarry sites being mined by the company as at 31 December 2020. cost as at 1 January 2020 was ₦4.05 billion (note 19) and an addition of ₦4.95 billion (2019: an adition of ₦420.9 million) was recognised in the current year due to change in estimates. Current year depreciation charge recognised on the restoration cost is ₦574 million (2019: ₦435.9 million) using the units of production method.

The depreciation charged for the year is apportioned as follows:

₦'000	31 December 2020	31 December 2019
Cost of Sales	12,649,472	11,495,079
Administrative Expenses	2,549,540	2,451,246
	15,199,012	13,946,325

e. Purchase of property, plant and equipment in statement of cash flows is calculated as follows:

₦'000	31 December 2020	31 December 2019
Additions in the year	148,118,838	23,489,618
Adjustment for non-cash items:		
- transfer of assets	(7,960,475)	-
- capitalised borrowing cost	(13,039,677)	(695,884)
	127,118,686	22,793,734

f. Proceeds from disposal of PPE in statement of cash flows is analysed below:

₦'000	31 December 2020	31 December 2019
Sales proceeds from disposal of PPE:		
- Cash received in the year	-	259
- Unpaid at year end	-	139
	-	398
Net book value of disposed asset	-	(145)
Profit from disposal of property, plant and equipment	-	253

Notes to the Financial Statements (Cont.)

13 Leases

This note provides information for leases where the Company is a lessee.

a. Amounts recognised in the statement of financial position

The balance sheet shows the following amounts relating to leases:

₦'000	Building	Total
Right-of-use assets		
Opening balance as at 1 January 2020	76,503	76,503
Additions	50,178	50,178
Depreciation	(56,191)	(56,191)
Closing balance as at 31 December 2020	70,490	70,490
Lease liabilities		
Opening balance as at 1 January 2020	48,352	48,352
Additions	50,445	50,445
Interest expense	3,756	3,756
Payments	(65,236)	(65,236)
Closing balance as at 31 December 2020	37,317	37,317
Current	-	-
Non-current	37,317	37,317
	37,317	37,317
Right-of-use assets		
Opening balance as at 1 January 2019	8,378	8,378
Additions	105,896	105,896
Depreciation	(37,771)	(37,771)
Closing balance as at 31 December 2019	76,503	76,503
Lease liabilities		
Opening balance as at 1 January 2019	6,298	6,298
Additions	41,621	41,621
Interest expense	5,827	5,827
Payments	(5,394)	(5,394)
Closing balance as at 31 December 2019	48,352	48,352
Current	41,677	41,677
Non-current	6,675	6,675
	48,352	48,352

b. The statement of profit or loss shows the following amounts relating to leases:

i. **Depreciation charge of right-of-use assets**

	2020	Total
Opening balance as at 1 January 2019	37,771	37,771
Charge for the year	56,191	56,191
Closing balance as at 31 December	93,962	93,962

Notes to the Financial Statements (Cont.)

14 Intangible assets

₦'000	Licenses	Exploration Assets	Software	Total
Cost				
At 1 January 2020	3,025	3,060,885	67,514	3,131,424
Additions during the year	-	1,714,718	16,224	1,730,941
At 31 December 2020	**3,025**	**4,775,603**	**83,737**	**4,862,365**
Accumulated amortisation				
At 1 January 2020	3,025	337,673	8,811	349,509
Charge for the year	-	227,604	267	227,871
At 31 December 2020	**3,025**	**565,277**	**9,077**	**577,379**
Cost				
At 1 January 2019	3,025	1,135,077	29,030	1,167,132
Additions during the year	-	396,493	63,842	460,335
Reclassification from PPE	-	1,529,315	-	1,529,315
Write-offs	-	-	(25,358)	(25,358)
At 31 December 2019	**3,025**	**3,060,885**	**67,514**	**3,131,424**
Accumulated amortisation				
At 1 January 2019	3,025	119,144	21,474	143,643
Charge for the year	-	147,750	218	147,968
Reclassification from PPE	-	70,779	-	70,779
Write-offs	-	-	(12,881)	(12,881)
At 31 December 2019	**3,025**	**337,673**	**8,811**	**349,509**
Net book value				
At 31 December 2020	-	**4,210,326**	**74,660**	**4,284,986**
At 31 December 2019	-	**2,723,212**	**58,703**	**2,781,915**

a. Amortisation charge is expensed in cost of sales and administrative expenses based on the use of the related intangible assets.

b. Write-off of intangible assets per statement of cash flow is analysed below:

₦'000	31 December 2020	31 December 2019
Cost	-	25,358
Accumulated amortisation	-	(12,881)
	-	12,477

Notes to the Financial Statements (Cont.)

15 Inventories

₦'000	31 December 2020	31 December 2019
Fuel	857,514	2,214,732
Engineering spares	12,664,806	7,689,001
Packing materials	189,509	407,210
Raw materials	9,921,259	9,995,991
Goods in transit	5,527,658	1,324,121
Work in progress	1,658,779	5,003,527
Finished goods	685,673	566,998
	31,505,198	27,201,580

Amounts recognised in profit or loss

Inventories recognised as an expense during the year ended 31 December 2020 amounted to ₦21.28 billion: (2019: ₦11.74 billion). These were included in cost of sales.

There was no provision made for inventory obsolescence during the year (2019: Nil).

16 Cash and cash equivalents

₦'000	31 December 2020	31 December 2019
Cash in hand	10,573	65,157
Cash in bank	123,502,330	13,912,912
Fixed deposit	308,186	1,608,595
	123,821,089	15,586,664

16.1 Cash and cash equivalent (included in statement of cashflows)

₦'000	31 December 2020	31 December 2019
Cash in hand	10,573	65,157
Cash in bank	123,502,330	13,912,912
Fixed deposit	308,186	1,608,595
Bank overdraft	-	(562,066)
Total	123,821,089	15,024,598

Notes to the Financial Statements (Cont.)

17 Trade and other receivables

₦'000	31 December 2020	31 December 2019
Financial assets:		
Trade receivables	461,635	252,525
Non-financial assets:		
Prepayments	747,469	1,226,858
*Other receivables	75,316,087	242,290
Advance to suppliers	6,685,273	885,821
Advance to staff	97,522	11,441
Total non-financial assets	82,846,351	2,366,410
	83,307,986	2,618,935

*Other receivables relates to ₦67 billion receivables from issuing house in respect of the bond issuance that closed on 30 December 2020 and advance payment to CBMI for the construction of a new plant.

i. The gross carrying amount of trade receivables is shown below:

₦'000	31 December 2020	31 December 2019
Net carrying amount – trade receivables	461,635	252,525
Add: loss allowance (Note 3.1.2)	8,933	102,033
Gross carrying amount – trade receivables	470,568	354,558

ii. Impairment of trade receivables and other receivables

The reconciliation of loss allowance for trade receivables as at 31 December 2019 to the opening loss allowance on 1 January 2020 and to the closing loss allowance as at 31 December 2020 is as follows:

₦'000	31 December 2020	31 December 2019
As at 1 January	102,033	101,892
Increase in loss allowance recognised in profit or loss during the year	-	141
Reversals during the year	(93,100)	-
At 31 December	8,933	102,033

18 Trade and other payables

₦'000	31 December 2020	31 December 2019
Financial liabilities:		
Trade payables	3,852,292	18,859,894
Other payables and accrued expenses	1,463,050	564,549
Unclaimed dividend	455,040	419,432
	5,770,382	19,843,875
Non-financial liabilities:		
Other payables and accrued expenses	1,868,284	2,108,886
Statutory obligations	16,230,102	14,389,097
	18,098,386	16,497,983
	23,868,768	36,341,858

Notes to the Financial Statements (Cont.)

19 Provision for decommissioning liabilities

BUA Cement Plc is involved in the mining of four active limestone quarries, one clay quarry and four proposed quarries. The quarry licenses are largely for 5 years at a time, and can be renewed for a nominal fee on expiration. The Company has a constructive obligation to restore, where practical, all areas disturbed by mining operations to an acceptable land use and capability and has made provision for the estimated cost of site restoration. The decommissioning provision is estimated based on the assumption that decommissioning will take place between 60 months and 132 months as at 31 December 2020.

There were nine active quarries as at 31 December 2020 namely: Ikpobia, Ikpobia clay 1, Ikpobia clay 2, Elele clay, Cambut, Edelstein north, Freedom, Gamla and Camp clay quarry, with estimated useful lives ranging from 6 years to 12 years. Hence, in the event of renewal of the licenses after the first expiration, some of these quarries would not have reached the end of their useful lives before the license can be renewed for a second time. Where there is a possibility that these licenses would not be renewed, then, the estimated useful lives would be adjusted to reflect the new assumption.

The provision for decommissioning cost has been estimated based on the scope and method of abandonment using current requirements, price level adjusted for inflation and discounted using a risk-free discount rate for the nine active quarry sites as at 31 December 2020. Actual costs may however differ from the estimates based on the prevailing assumptions at the relevant periods.

The table below shows the movement in the decommissioning liabilities for the year ended 31 December 2020.

₦'000	31 December 2020	31 December 2019
Balance at 1 January	4,047,713	3,346,240
Increase in decommissioning liability as a result of changes in estimates	4,947,207	420,901
Unwinding of interest	286,949	280,572
Additions during the year	9,600	-
At 31 December	9,291,470	4,047,713

₦'000	31 December 2020	31 December 2019
a. Provision for decommissioning liabilities		
Current	123,695	4,047,713
Non-current	9,167,775	-
	9,291,470	4,047,713

₦'000	31 December 2020	31 December 2019
20 Borrowings		
Bank loans	156,097,899	20,861,438
Bank Overdraft	-	562,066
	156,097,899	21,423,504

₦'000	31 December 2020	31 December 2019
Current	105,648,512	21,423,504
Non-current	50,449,387	-
	156,097,899	21,423,504

Notes to the Financial Statements (Cont.)

a. The analysis of borrowings during the year is as shown below:

₦'000	31 December 2020	31 December 2019
At 1 January	21,423,504	3,241,885
Additional drawdowns in the year	228,722,337	56,737,008
Principal repayments	(96,768,171)	(39,905,311)
Interest expense (Note 9)	2,968,068	3,132,484
Interest capitalised	13,039,677	695,884
Interest repayments	(13,287,516)	(2,478,445)
At 31 December	156,097,899	21,423,504

Bank loans are secured by an all asset debenture over the fixed and floating assets of the Company.

The Company's term loan and short-term loan facilities are at a floating interest rate of 13% each. The loans have a one-year and a 6-month tenor respectively. The other facilities are at fixed interest rates.

The above borrowings are further classified based on average interest rate, maturity and provider of funds:

₦'000	Average Interest Rate	Maturity	2020	2019
Bank of Industry - Term loan (Note 20b)	10%	31 March 2020	-	167,534
First Bank - Bank overdraft	18.5%	-	-	562,066
First Bank - Import trade finance	-	-	20,033,770	2,113,549
First Bank - Trade loan	19%	31 May 2020	-	11,013,842
First Bank - Term loan	19%	31 May 2020	-	7,566,513
First Bank - Long term loan	11%	30 June 2024	26,547,858	-
Union Bank (RSSF Loan)	2020 - 5% 2021 - 9%	30 September 2030	17,603,196	-
Union Bank LCs	-	-	2,243,406	-
Fidelity Bank (RSSF Loan)	2020 - 5% 2021 - 9%	30 September 2030	17,541,749	-
Coronation Merchant Bank - Import trade finance		-	140,622	-
First City Monument Bank - Import trade finance		-	958,136	-
Shareholders Loan	2020 - 12.4% Other years -15.9%	31 December 2026	71,029,162	-
			156,097,899	21,423,504

b. **Bank loans**
Current bank borrowings relate to short term Import Finance Facilities (IFF) from several Nigerian banks with average maturity of 12 months. They also include the portion of non-current bank borrowings repayable within the next 12 months. Non-current bank borrowings are secured by fixed and floating assets of the Company. They include ₦26 billion obtained from First Bank Nigeria Plc for a period of 48 months with effect from July 2020 at a floating interest of 13% per annum. ₦20 billion obtained from Union Bank of Nigeria and Fidelity Bank each for a period of 120 months with effect from October 2020 at a floating interest of 9% per annum.

Notes to the Financial Statements (Cont.)

c. **Shareholders loan**
The Shareholders loan was approved in 2019 but the applicable loan agreement became effective on 1 January 2020. The loan was fully repaid in January 2021.

21 Debt security issued

₦'000	31 December 2020	31 December 2019
Debt securities at amortised cost:		
Series 1 bond (Note 21b)	113,195,044	-
	113,195,044	-

₦'000	31 December 2020	31 December 2019
Current	-	-
Non-current	113,195,044	-
	113,195,044	-

a. The analysis of debt security issued during the year is as shown below:

₦'000	31 December 2020	31 December 2019
At 1 January	-	-
Debts issued in the year	113,170,093	-
Principal repayments	-	-
Interest expense (Note 9)	24,951	-
Interest repayments	-	-
At 31 December	113,195,044	-

b. The Company issued a local bond of ₦115 billion on 30 December 2020 with a coupon rate of 7.5% payable semi-annually ('series 1 of ₦200,000,000,000 bond issuance programme). The bond has a tenor of 7 years and is due on 30 December 2027. There is a moratorium of 3 years on the principal repayment of the bond, whilst interest is payable on a semi-annual basis at their respective interest rates.

BUA Cement Plc will have the right to exercise a call option to effect early redemption of the bonds, either in part or in whole, as from the expiration of 48 months from the issue date, in accordance with the provisions of the series 1 Trust Deed.

On initial recognition of the Series 1 bond, management assessed the impact of the call option on the contractual cashflows to the bondholders and determined that the call option does not materially affect the contratual cashflows of the debt host contract, hence the option is closely related to the host contract and is not bifurcated from the host contract. The Series 1 bond has been classified as a debt measured at amortised cost using effective interest rate.

22 Government grant

	₦'000	31 December 2020	31 December 2019
a.	Current	900,695	5,701
	Non-current	4,632,023	-
		5,532,718	5,701

Notes to the Financial Statements (Cont.)

Government grant is treated as a line item in the statement of financial position.

₦'000	31 December 2020	31 December 2019
b. Movement in government grant is analysed below:		
Balance as at 1 January	5,701	31,988
Additions in the year	5,756,455	-
Amount unwound to profit or loss (Note 8)	(229,438)	(26,287)
Balance as at 31 December	5,532,718	5,701

23 Share capital

a. **Authorised:**

₦'000	31 December 2020	31 December 2019
40 billion ordinary shares @ 50k per share	20,000,000	20,000,000

b. **Issued and fully paid**

₦'000	31 December 2020	31 December 2019
Balance as at 1 January:	16,932,177	16,932,177
Additions in the year	-	-
Balance as at 31 December	16,932,177	16,932,177

c. **Number of shares outstanding**

₦'000	31 December 2020	31 December 2019
Balance as at 1 January:	33,864,354	33,864,354
Additions in the year	-	-
Balance as at 31 December	33,864,354	33,864,354

24 Earnings per share

a. Basic earnings per share (EPS) is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding at the end of the reporting period.

₦'000	31 December 2020	31 December 2019
Profit attributable to ordinary equity holders of the Company	72,344,336	60,610,285
Weighted average number of ordinary shares in issue	33,864,354	33,864,354
Basic earnings per share (Naira)	2.14	1.79

*Diluted earnings per share is the same as the basic earnings per share as there are no potential securities convertible to ordinary shares.

Notes to the Financial Statements (Cont.)

25 Particulars of staff

The average number of persons, excluding Directors, employed by the Company during the year was as follows:

₦'000	31 December 2020	31 December 2019
Management	53	42
Production	618	688
Administration	330	332
	1,001	1,062

b. The table below shows the number of employees (excluding Directors) of the Company in receipt of emoluments, including allowances and pension costs within the following bands during the year.

₦'000	31 December 2020	31 December 2019
₦100,000 - ₦500,000	-	-
₦500,001 - ₦1,000,000	118	378
₦1,000,001 -₦2,000,000	295	245
₦2,000,001 - ₦3,000,000	297	207
₦3,000,001 - ₦4,000,000	133	113
₦4,000,001 - ₦5,000,000	94	38
₦5,000,001 - ₦10,000,000	46	68
₦10,000,001 - ₦15,000,000	8	6
₦15,000,001 - ₦20,000,000	3	4
₦20,000,001 - ₦25,000,000	2	2
₦25,000,001 - ₦30,000,000	3	1
₦30,000,001 - ₦35,000,000	2	-
	1,001	1,062

c. **Particulars of Directors**

Directors' emoluments

The remuneration paid to the Directors of the Company was:

₦'000	31 December 2020	31 December 2019
Emoluments paid to the Directors of the Company	142,736	126,149
Amount paid to the highest paid Director	75,298	69,029

The number of Directors of the Company (including the highest paid Director) whose remuneration, excluding pension contributions in respect of services to the Company fell within the following ranges:

₦1,000,000 - ₦5,000,000	1	-
₦5,000,001 - ₦10,000,000	7	5
₦10,000,001 - ₦15,000,000	1	1
₦15,000,001 - ₦45,000,000	-	-
₦45,000,001 - ₦50,000,000	-	-
₦65,000,001 - ₦70,000,000	-	1
₦75,000,001 - ₦80,000,000	1	-
	10	7

Notes to the Financial Statements (Cont.)

26 Related party transactions and balances

The ultimate majority shareholder of the Company, Abdul-Samad Rabiu, CON, is the ultimate controlling party. The ultimate controlling party has controlling interests in other companies. These companies are considered to be related parties to BUA Cement Plc.

The Company's transactions and balances arising from dealings with related parties during the year are shown below:

a. **Transactions with related parties**

i. **Key management personnel compensation**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company. BUA Cement Plc has identified its management team as its key management personnel. The compensation paid or payable to key management for employee services is shown below:

₦'000	31 December 2020	31 December 2019
Salaries and other short-term employee benefits	450,535	390,396
Pension costs	21,507	17,528
	472,042	407,924

ii. **Management and technical service fees**

Fees are chargeable on technical support, management and administrative services provided by BUA International Limited and Damnaz Cement Company Limited to BUA cement Plc. The technical fees are chargeable at 2.83% of the Sokoto plant annual net sales in line with the Management Service Agreement between BUA Cement Plc and each of these related entities.

During the financial year ended 31 December 2020, only Damnaz Cement Company Limited provided technical and management service to the Company with a fee charge of ₦1.9 billion (2019: ₦1.9 billion).

iii. **Transfer/(receipt) of funds**

The treasury function of related entities of the Company are managed centrally. As at 31 December 2019, there was frequent movement of funds from entities with surplus at any particular point in time for the settlement of obligations owed by another related party. However, this is no longer applicable in the current year. The net movement of funds between these related entities and the Company is shown below:

₦'000	Relationship	31 December 2020	31 December 2019
BUA International Limited	Sister company	-	73,495,900
Edo Cement Company Limited	Sister company	-	55,177,229
BUA Cement Company Limited	Sister company	-	(27,137,149)
Nigeria Oil Mills Limited	Sister company	-	36,237
BUA Oil Mills Limited	Sister company	-	83,548
SOPON Limited	Sister company	-	210,719
BUA Ports and Terminals Limited	Sister company	-	3,088,819
BUA Transport Limited	Sister company	-	978,458
Damnaz Cement Limited	Sister company	-	(294,415)
BUA Sugar Refinery Limited	Sister company	-	(10,265,669)
Nigeria Oil Mills (UK) Limited	Sister company	-	5,944,832
Cement Company of Northern Nigeria Plc	Sister company	-	(2,954,495)
BUA Flour Mills Limited	Sister company	-	(8,929,080)
BUA Estate Limited	Sister company	-	(748,760)
BUA Rice Limited	Sister company	-	(1,035,052)
Directors' Current Account	Shareholders	-	(10,724,527)
Kalambaina Cement Company Limited	Sister company	-	(1,009,555)
Lafiaji Sugar Company Limited	Sister company	-	(491,960)
		-	75,425,080

b. **Outstanding balances with related parties**

The receivables from related parties represents the funds obtained from the Company's account but used to finance the transactions of related parties of the Company. Conversely, the balances due to related parties represents the amount of money obtained from other subsidiaries but used to finance the operations of the Company.

Below are the outstanding receivable and payable balances with related parties.

i **Due to related parties**

₦'000	Relationship	31 December 2020	31 December 2019
BUA International Limited	Sister company	34,497,761	-
Dammaz Cement Limited	Sister company	-	98,487
Nigeria Oil Mills (UK) Limited	Sister company	-	820,254
		34,497,761	918,741

ii. **Due from related parties**

₦'000	Relationship	31 December 2020	31 December 2019
BUA International Limited	Sister company	-	18,005,722
Edo Cement Company Limited	Sister company	-	10,618
		-	18,016,340

Notes to the Financial Statements (Cont.)

c. **Impairment of receivables from related parties**

₦'000	31 December 2020	31 December 2019
As at 1 January	1,262,490	5,020,858
Write-back of loss allowance recognised in profit or loss	(1,262,490)	(3,758,368)
At 31 December	-	1,262,490

The net carrying amount of receivables from related parties is shown below:

₦'000	31 December 2020	31 December 2019
Gross carrying amount – due from related parties (Note 26bii)	-	18,016,340
Less: loss allowance	-	(1,262,490)
Due from related parties net of expected credit losses	-	16,753,850

d. Changes in due from related parties in the statement of cash flows is as follows:

₦'000	31 December 2020	31 December 2019
Movement in due from related parties	15,491,360	45,607,431
Effect of loss allowance recognised in profit or loss (Note 26c)	1,262,490	3,758,368
Effect of reclassification from property, plants and equipment (Note 12)	-	2,534,641
Effect of exchange rate differences	(24,631)	(16,426)
Effect other non-cash items	301,070	(327,239)
	17,030,288	51,556,775

e. Changes in due to related parties in the statement of cash flows is as follows:

₦'000	31 December 2020	31 December 2019
Movement in due to related parties	46,618,697	(123,156,053)
Effect of unrealised exchange loss on related party balances (Note 7.1)	(616,147)	(183,227)
Effect of non-cash interest on funding from related party (Note 9)	(13,159,223)	(2,326,458)
	32,843,327	(125,665,738)

27 Contingent liabilities

The Company is subject to some pending litigations arising in the normal course of business as at 31 December 2020. There are no contingent liabilities in respect of these pending litigations as at 31 December 2020 (2019: Nil).

28 Capital commitments and guarantees

a. **Capital commitments**
Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

Notes to the Financial Statements (Cont.)

₦'000	31 December 2020	31 December 2019
Re-roofing of the Clinker Dome	189,000	50,400
Regasification project	177,735	-
Expenditures on Sokoto Line 3	136,709,000	-
	137,075,735	50,400

The above commitments include capital expenditure commitments of ₦189 million (2019: ₦50.4 million) relate to the re-roofing of the Clinker Dome in the OBU II Cement plant located at Okpella in Edo State, Nigeria while ₦177.7 million and ₦136.7 billion relate to regasification project and expenditures on line 3 at Sokoto plant.

b. **Guarantees**
There were no guarantees as at 31 December 2020 (2019: ₦4.4 billion).

29 Impact of Covid-19

The growing Coronavirus (Covid-19) pandemic presented a challenge, unprecedented in modern times, for businesses both locally and internationally. Although its effects are uneven across the economy, many sectors have been severely affected and none have been left untouched. Nigeria continued to address the increasing cases of Covid-19 and its implications on the economy. Severally measures were taken by the Nigerian authorities to curtail the spread of the virus including lockdowns in major cities, local and international travel restrictions, compulsory wearing of masks in public, physical distancing and limitations on public gatherings, among others.

The Management of BUA Cement Plc implemented successfully its Covid-19 mitigation plan by making adequate provision of PPE to staff working at the factories to shield them from getting infected, switched to remote working for some staff, restricted access to workplaces to third parties, localization of some of our supply chain, massive customer enlightenment on various changes to route to market, among others. The lockdown witnessed across the country at various stages of the fight against Covid-19 adversely affected some sectors of the economy including the cement industry as dispatch of cement to some states was affected. There were supply chain and maintenance delays due to travel ban, access to foreign exchange for importation of spare parts /raw materials became more difficult to source, prices of some materials increased including sacks used in packaging of cement.

Despite the challenges posed by the measures to curtail the Covid-19 pandemic, the Company was able to continue with its activities throughout the year. The impact of the virus on operations was very minimal as the Company experienced growth in sales volume as the restrictions were gradually eased. The Company's going concern ability is not under threat and no material adjustment is expected from significant judgements and estimates made in preparation of the financial statements from the impact of Covid-19. The Company's management instituted liquidity management plans that provided adequate funding for operations. The Company benefited from the Real Sector Support Facility of the Central Bank of Nigeria. Management believes that the impact of Covid-19 pandemic will not affect the Company's ability to generate future taxable profits to recover deferred tax assets provisioning and does not foresee any material effect on the measurement of assets and liabilities.

30 Subsequent events

There were no significant events after the reporting period, which could have had a material effect on the financial statements of the Company as at 31 December 2020 that have not been adequately provided for or disclosed in the financial statements.

31 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

Statement of Value Added

₦'000	Notes	31 December 2020	%	31 December 2019	%
Revenue	5	209,443,487		175,518,326	
Other income	8	375,519		50,248	
		209,819,006		175,568,574	
Less: Bought in materials and services:					
Local and imported		(105,494,378)		(82,605,280)	
Value added		104,324,628	100	92,963,294	100
Applies as follows:					
To pay employees:					
Staff cost	7.3	8,099,100	8	7,868,242	8
To pay providers of funds:					
Net finance cost	9	2,977,252	3	5,192,054	6
To pay government:					
Income tax charge	10a	6,529,162	6	5,614,216	6
To provide for enhancement of assets and growth:					
Depreciation	7.1	15,199,012	15	13,946,325	15
To augment reserve		71,520,102	69	60,342,457	65
		104,324,628	100	92,963,294	100

This statement represents the distribution of the wealth created through the use of the Company's assets by its own and employees' efforts.

Five-Year Financial Summary

₦'000	BUA Cement Plc			OBU Cement Company Limited	
	31 December 2020	31 December 2019	31 December 2018	31 December 2017	31 December 2016
Assets employed					
Non-current assets	527,668,305	408,405,566	399,431,134	157,662,079	129,219,675
Current assets	238,634,273	62,161,029	88,543,157	46,369,021	23,919,757
Current liabilities	(208,100,189)	(96,461,863)	(175,748,284)	(159,562,803)	(147,140,036)
Non-current liabilities	(182,247,661)	(10,407,490)	(3,613,823)	(15,128,635)	(383,270)
Net assets	**375,954,728**	**363,697,242**	**308,612,184**	**29,339,662**	**5,616,126**
Capital employed					
Ordinary share capital	16,932,177	16,932,177	16,932,177	20,000	20,000
Other reserves	(897,136)	(72,902)	194,926	-	-
Retained earnings	159,915,508	146,833,788	91,480,902	29,319,662	5,596,126
Reorganisation reserve	200,004,179	200,004,179	200,004,179	-	-
Total equity	**375,945,728**	**363,697,242**	**308,612,184**	**29,339,662**	**5,616,126**

₦'000	BUA Cement Plc			OBU Cement Company Limited	
	31 December 2020	31 December 2019	31 December 2018	31 December 2017	31 December 2016
Revenue from contract with customers	209,443,487	175,518,326	119,012,572	87,193,161	48,638,749
Profit before tax	78,873,498	66,224,501	39,166,582	39,470,897	11,586,015
Income tax (expense)/credit	(6,529,162)	(5,614,216)	24,905,420	(15,747,361)	(2,397,831)
Profit for the year	72,344,336	60,610,285	64,072,002	23,723,536	9,188,184
Total comprehensive income	**71,520,102**	**60,342,457**	**64,072,002**	**23,723,536**	**9,188,184**
Earnings per share (Naira)	**2.14**	**1.79**	**1.89**	**1,186.18**	**459.41**
Net assets per share (Naira)	**22.20**	**21.48**	**18.23**	**1,466.98**	**280.81**

Net assets per share is calculated by dividing net assets of the Company by the weighted average number of ordinary shares outstanding at the end of the reporting period.

Share Capital History

Year	Authorised (Unit)	Issued and Fully Paid (Unit)	Increase in Issued Shares	Note
2014	20,000,000	20,000,000	-	
2019	40,000,000	40,000,000	-	*Share re-denomination (from N1.00 to N0.50k each)*
2019	40,000,000,000	40,000,000	-	*Increase in authorised share capital*
2019	40,000,000,000	20,720,853,094	-	*Share reconstruction*
2019	40,000,000,000	20,720,853,094	13,143,500,966	*Merger*
2019	40,000,000,000	33,864,354,060	-	

Shareholder Information

Shareholder Information

Contact Details

Investor Relations

BUA Cement Plc
5th Floor, BUA Towers
PC 32, Churchgate Street
Victoria Island, Lagos, Nigeria
Tel: +234 01 4610669-70

Email: investor.relations@buacement.com
Web: www.buacement.com

Registrar

Africa Prudential Plc
Head Office: 220B Ikorodu Road, Palmgrove, Lagos, PMB 12649 Marina
Abuja: Infinity House (2nd Floor), 11 Kaura Manoda Street, Off Faskari Cresent, Area 3, Garki, Abuja
Port Harcourt: Okien Suite Building (2nd Floor), No 1A, Evo Road, GRA Phase 2
Tel: +234 700 AFRIPRUD (0700 2374 7783)

Email: cxc@africaprudential.com
Web: www.africaprudential.com
@afriprud

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Africa Prudential
RC 649007

Affix Recent Passport Photograph
USE GUM ONLY
NO STAPLE PINS
(to be stamped by your banker)
ONLY CLEARING BANKS ARE ACCEPTABLE

E-DIVIDEND MANDATE ACTIVATION FORM

INSTRUCTION
Please complete all section of this form to make it eligible for processing and return to the address below.

The Registrar
Africa Prudential Plc
220B, Ikorodu Road, Palmgrove, Lagos.

I/We hereby request that henceforth, all my/our Dividend Payment(s) due to me\us from my/our holdings in all the companies ticked at the right hand column be credited directly to my /our bank detailed below:

Bank Verification Number (BVN):

Bank Name:

Bank Account Number:

Account Opening Date: DD MM YYYY

SHAREHOLDER ACCOUNT INFORMATION

Gender: Male ☐ Female ☐ Date Of Birth D D M M Y Y Y Y

Surname/Company's Name | First Name | Other Name

Address

City | State | Country

Clearing House Number (CHN) (if any) C | Name of Stockbroking Firm

Mobile Telephone 1 | Mobile Telephone 2

E-mail Address

DECLARATION

I/We hereby declare that the information I have provided is true and correct and that I shall be held personally liable for any of my personal details.

I/We also agree and consent that Africa Prudential Plc ("Afriprud") may collect, use, disclose, process and deal in any manner whatsoever with my/our personal, biometric and shareholding information set out in this form and/or otherwise provided by me/us or possessed by Afriprud for administration of my/our shareholding and matters related thereto.

Signature: | Signature: (Joint/Company's Signatories) | Company Seal (if applicable)

Please tick against the company(ies) where you have shareholdings

CLIENTELE

1. ABBEY MORTGAGE BANK PLC ☐
2. ADAMAWA STATE GOVERNMENT BOND ☐
3. AFRILAND PROPERTIES PLC ☐
4. AFRICA PRUDENTIAL PLC ☐
5. A & G INSURANCE PLC ☐
6. ALUMACO PLC ☐
7. A.R.M LIFE PLC ☐
8. BECO PETROLEUM PRODUCTS PLC ☐
9. BUA CEMENT PLC ☐
10. BENUE STATE GOVERNMENT BOND ☐
11. CAP PLC ☐
12. CAPPA AND D'ALBERTO PLC ☐
13. CEMENT COY. OF NORTHERN NIG. PLC ☐
14. CSCS PLC ☐
15. CHAMPION BREWERIES PLC ☐
16. CWG PLC ☐
17. CORDROS MONEY MARKET FUND ☐
18. EBONYI STATE GOVERNMENT BOND ☐
19. GOLDEN CAPITAL PLC ☐
20. INFINITY TRUST MORTGAGE BANK PLC ☐
21. INVESTMENT & ALLIED ASSURANCE PLC ☐
22. JAIZ BANK PLC ☐
23. KADUNA STATE GOVERNMENT BOND ☐
24. LAGOS BUILDING INVESTMENT CO. PLC ☐
25. GLOBAL SPECTRUM ENERGY SERVICES PLC ☐
26. MED-VIEW AIRLINE PLC ☐
27. MIXTA REAL ESTATE PLC *(formerly ARM Properties Plc)* ☐
28. NEXANS KABLEMETAL NIG. PLC ☐
29. OMOLUABI MORTGAGE BANK PLC ☐
30. PERSONAL TRUST & SAVINGS LTD ☐
31. P.S MANDRIDES PLC ☐
32. PORTLAND PAINTS & PRODUCTS NIG. PLC ☐
33. PREMIER BREWERIES PLC ☐
34. RESORT SAVINGS & LOANS PLC ☐
35. ROADS NIGERIA PLC ☐
36. SCOA NIGERIA PLC ☐
37. TRANSCORP HOTELS PLC ☐
38. TRANSCORP PLC ☐
39. TOWER BOND ☐
40. THE LA CASERA CORPORATE BOND ☐
41. UACN PLC ☐
42. UNITED BANK FOR AFRICA PLC ☐
43. UNITED CAPITAL PLC ☐
44. UNITED CAPITAL BALANCED FUND ☐
45. UNITED CAPITAL BOND FUND ☐
46. UNITED CAPITAL EQUITY FUND ☐
47. UNITED CAPITAL MONEY MARKET FUND ☐
48. UNITED CAPITAL NIGERIAN EUROBOND FUND ☐
49. UNITED CAPITAL WEALTH FOR WOMEN FUND ☐
50. UNIC DIVERSIFIED HOLDINGS PLC ☐
51. UNIC INSURANCE PLC ☐
52. UAC PROPERTY DEVELOPMENT COMPANY PLC ☐
53. UTC NIGERIA PLC ☐
54. VFD GROUP PLC ☐
55. WEST AFRICAN GLASS IND PLC ☐

OTHERS:

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos.
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PORT-HARCOURT: Oklen Suite Building (2nd Floor), No. 1A, Evo Road, GRA Phase 2.
TEL: 0700 AFRIPRUD (0700 2374 7783) | E-MAIL: cxc@africaprudential.com | www.africaprudential.com | @afriprud

PROXY FORM

BUA CEMENT PLC RC 1193879

5th Floor, BUA Hq., PC 32, Churchgate Street, P.O. Box 70106, Victoria Island, Lagos

5th Annual General Meeting to be held at 11:00 am on Thursday July 8, 2021 in the Lagos/Osun Hall, Transcorp Hilton Hotel, No. 1, Aguiyi Ironsi Street, Maitama, Abuja.

I/We……..of...

Member/members of BUA Cement PLC, hereby appoint ....

of...

Alternatively, failing him, the Chairman of the meeting as my/our proxy to act and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 11:00 am on July 8, 2021.

Dated this .... day of 2021

Signature...

NUMBER OF SHARES HELD [| |] , [| |] , [| |] *(Million, Thousands and Hundreds)*

RESOLUTIONS		FOR	AGAINST
1.	Annual Report and Accounts for the year ended 31 December 2020		
2.	To declare a dividend (₦2.067 per one ordinary share of 50k)		
3.	To elect/re-elect the following Directors		
	a. To elect the Director who was appointed by the Board during the year and thus retire at the General Meeting and being eligible, offer himself for election by the General Meeting.		
	i. Jacques Piekarski – Executive Director-CFO		
	b. To re-elect the following Directors who retire by rotation and being eligible offer themselves for re-election.		
	i. Finn Arnoldsen – Non-executive Director		
	ii. Khairat Abdulrazaq Gwadabe – Independent Non-executive Director		
	iii. Shehu Abubakar – Independent Non-executive Director		
4.	To authorize the Directors to fix the remuneration of the External Auditors. (USD 300,000) convertible at the prevailing exchange rate.		
5.	To elect members of the Audit Committee.		
6.	To disclose the remuneration of the managers of the company		
	SPECIAL BUSINESS		
7.	To approve the remuneration of the Directors.		
	a. To approve the sum of ₦5,000,000.00 per annum as the Chairman's fee.		
	b. To approve the sum of ₦4,000,000.00 per annum as the Non-Executive Directors' fee.		
8.	To consider and if thought fit to pass the following as a special resolution of the Company: "THAT the Articles of Association of the Company be and are hereby amended by inserting the following new article [90A]: [90A] *A director may participate in a board meeting by: (a) attending a physical meeting held at such place specified in the notice of board meeting; or (b) means of a conference telephone or similar electronic form of communication, which allows all persons participating in the meeting to hear and speak to each other throughout the meeting. A person participating in this way is deemed to be present in person at the meeting and is counted in the quorum and entitled to vote."*		
	Explanatory Note to the Above Proposed Special Resolution As seen by the challenges thrown by the COVID-19 pandemic, it is imperative to provide with legal backing in the Articles of Association, an atmosphere whereby the Company's business can still run smoothly using technology. By this it is proposed that directors be allowed to participate in Board meetings virtually. The proposed inclusion of article [90A] will make this possible.		

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PROXY FORM

BUA CEMENT PLC RC 1193879

Please indicate with 'X' in the appropriate space how you wish your votes cast on the resolutions set out above, unless otherwise instructed, the proxy will vote or abstain from voting at his own discretion.

NOTES

1. Please sign this form and send it to reach the address above not later than 10:00 am on July 6, 2021. If executed by a corporate body, this form should be sealed under its common seal or under the hand of some officer or attorney duly authorized in writing.

   In line with the Company's obligations to comply with the restriction on mass gatherings and social and /or physical distancing guidelines prescribed by the Federal Government of Nigeria in the conduct of the meeting, in addition to the Chairman, members may appoint any of the following as their Proxy for the meeting:

   1. Mr. Boniface Okezie
   2. Mr. Kabiru Waziri Ibrahim
   3. Mr. Mukhtar Mukhtar
   4. Mrs. Adebisi Bakare
   5. Mr. Alex Adio
   6. Mr. Tunji Bamidele
   7. Mrs. Esther Funke Augustine
   8. Mr. Tunde Bhadmus
   9. Mrs. Adenike David
   10. Mr. Kazeem Olayiwola

   The meeting would also be accessible to all members virtually on the Company's website **www.buacement.com** to avoid the need for physical gathering involving large number of persons.

2. Shareholder's name to be inserted in BLOCK LETTERS in the blank space provided. In the case of joint shareholders, any one of such may complete this form, but the names of all joint holders must be inserted.

3. Following the normal practice, the Chairman of the meeting has been entered on the form to ensure that someone will be at the meeting to act as your proxy. However, you may insert in the blank space provided the name of any person, whether a member of the Company or not, who will attend the meeting and vote on your behalf.

REGISTRARS:

AFRICA PRUDENTIAL PLC
220B IKORODU ROAD
PALMGROVE
LAGOS.

Africa Prudential

FULL DEMATERIALIZATION FORM FOR MIGRATION

INSTRUCTION: Please fill out the form in CAPITAL LETTERS. Section 'B' is applicable only if certificate(s) is/are misplaced, lost or destroyed.

Affix recent passport photograph

USE GUM ONLY NO STAPLE PINS

Please credit my account at Central Securities Clearing System (CSCS) with shares from my holdings in ____ **"the company"**. I recognize this will invalidate any certificate(s) in my possession, or which might come into my possession in respect of my total holding(s) in this/this company.

SECTION A:

SHAREHOLDER'S FULL NAMES: Surname / First Name / Middle Name

ADDRESS:

GSM NUMBER: **E-MAIL:**

GENDER: Male ☐ Female ☐ **DATE OF BIRTH:** D D M M Y Y Y Y **CSCS INVESTOR'S A/C NO.:**

CLEARING HOUSE NUMBER(CHN): C **REGISTRAR'S ID NO (RIN):**

BANK DETAILS FOR DIRECT SETTLEMENT

ACCOUNT NAME: **BANK:**

BANK A/C NUMBER: Must be NUBAN **BVN:** Must be confirmed by bank **AGE OF A/C:** DD MM YYYY Must be confirmed by bank

Authorized Signature (1) (and stamp of Stockbroker) | Authorized Signature (2) (and stamp of Stockbroker) | Shareholder's Signature & Date | Shareholder's Signature & Date (2) (if applicable) | Thumb Print

CERTIFICATE DETAILS

S/N	CERTIFICATE NO. (IF ANY)	UNITS	S/N	CERTIFICATE NO. (IF ANY)	UNITS
1.			4.		
2.			5.		
3.			6.		

Company Seal

SECTION B: INDEMNITY FOR MISPLACED, LOST OR DESTROYED CERTIFICATE(S)

I hereby request Africa Prudential Plc to credit my account at Central Securities Clearing System (CSCS) with unit of shares not covered in my share certificate(s) details quoted in Section 'A' above. The holdings are registered in my name, and the original shares/stocks certificate(s) has/have been misplaced, lost or destroyed or was never received. I hereby, with the Guarantor whose name hereunder appears, indemnify the said Company and Africa Prudential Plc against all claims and demands, money, losses, damages, costs and expenses which may be brought against, or be paid, incurred or sustained by the said Company and /or Africa Prudential Plc by reason or in consequence of the said certificate(s) having been misplaced, destroyed, lost or in consequence of a transfer being registered without surrender of the certificate(s) or otherwise whatsoever. I further undertake and agree that if the said Certificate(s) shall hereafter be found, to forthwith deliver up to Africa Prudential Plc or their successors or assigns without cost, fee or reward.

CERTIFICATE DETAILS

S/N	CERTIFICATE NO. (IF ANY)	UNITS	S/N	CERTIFICATE NO. (IF ANY)	UNITS
1.			4.		
2.			5.		
3.			6.		

Dated this ___ day of ___, 20__

Name:

Signature:

Joint (2) (if applicable):

Joint (3) (if applicable):

Company Seal

In the Presence of:

Name: **GSM NO:**

Address: **Signature:**

THIS SECTION IS TO BE EXECUTED BY THE SHAREHOLDER'S STOCKBROKER, BANKER OR INSURANCE COMPANY

On behalf of ____ Plc/Ltd, we hereby agree jointly and severally keep the company and/or the Registrar or other persons acting on their behalf fully indemnified aganist all action, proceedings, liabilities, claims, losses, damage, costs and expenses in relation to or arising out of your accepting to re-issue to the rightful owner the shares/stocks, and to pay you on demand, all payments, losses, costs and expenses suffered or incurred by you in consequence thereof or arising therefrom. We/I also agree and consent that Africa Prudential Plc ("Afriprud") may collect, use, disclose, process and deal in any manner whatsoever with my/our personal, biometric and shareholding information set out in this form and/or otherwise provided by me/us or possessed by Afriprud for administration of my/our shareholding and matters related thereto.

Authorised Signatory (1): **Authorised Signatory (2):**

Company Seal

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos.
ABUJA: Infinity House (2nd Floor), 11 Kaura Namoda Street, Off Faskari Crescent, Area 3, Garki, Abuja.
PORT-HARCOURT: Okien Suite Building (2nd Floor), No. 1A, Evo Road, GRA Phase 2.
TEL: 0700 AFRIPRUD (0700 2374 7783) | E-MAIL: cxc@africaprudential.com | www.africaprudential.com | @afriprud

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Africa Prudential
RC 649007

SHARE PORTAL APPLICATION FORM

Dear Registrar,

Please take this as authority to activate my account(s) on your SharePortal where I will be able to view and manage my investment portfolio online with ease.

*** = Compulsory fields**

1. *SURNAME/COMPANY NAME:
2. *FIRST NAME:
3. OTHER NAME:
4. *E-MAIL:
5. ALTERNATE E-MAIL:
6. *MOBILE NO.: **1.** **2.**
7. SEX: MALE ☐ FEMALE ☐
8. *DATE OF BIRTH D D M M Y Y Y Y
9. *POSTAL ADDRESS:
10. CSCS CLEARING HOUSE NO.: C
11. NAME OF STOCKBROKER:

DECLARATION

I/We hereby declare that the information I have provided is true and correct and that I shall be held personally liable for any of my personal details.

I/We also agree and consent that Africa Prudential Plc ("Afriprud") may collect, use, disclose, process and deal in any manner whatsoever with my/our personal, biometric and shareholding information set out in this form and/or otherwise provided by me/us or possessed by Afriprud for administration of my/our shareholding and matters related thereto.

Signature: | Signature: Joint/Company's Signatories | Company Seal (if applicable)

Please tick against the company(ies) where you have shareholdings

CLIENTELE

1. ABBEY MORTGAGE BANK PLC
2. ADAMAWA STATE GOVERNMENT BOND
3. AFRILAND PROPERTIES PLC
4. AFRICA PRUDENTIAL PLC
5. A & G INSURANCE PLC
6. ALUMACO PLC
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23. KADUNA STATE GOVERNMENT BOND
24. LAGOS BUILDING INVESTMENT CO. PLC
25. GLOBAL SPECTRUM ENERGY SERVICES PLC
26. MED-VIEW AIRLINE PLC
27. MIXTA REAL ESTATE PLC (formerly ARM Properties Plc)
28. NEXANS KABLEMETAL NIG. PLC
29. OMOLUABI MORTGAGE BANK PLC
30. PERSONAL TRUST & SAVINGS LTD
31. P.S MANDRIDES PLC
32. PORTLAND PAINTS & PRODUCTS NIG. PLC
33. PREMIER BREWERIES PLC
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OTHERS:

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos.
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SCAN
To Download Shareholders' Forms

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Sokoto State, Nigeria

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