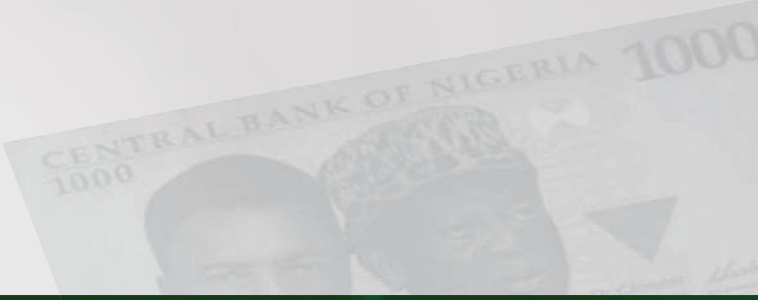
SOKOTO CEMENT

CEMENT COMPANY OF NIGERIA PLC

RC 3111



ANNUAL REPORT & ACCOUNTS 2017

Mission Statement

To produce and market high quality cement for national development.

Vision Statement

To be highly competitive market leader in the north-western region of Nigeria.

MAKERS OF SOKOTO CEMENT

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Notice of 39th Annual General Meeting

Notice is hereby given that the 39th Annual General Meeting of Cement Company of Northern Nigeria Plc will be held on Thursday, July 26, 2018 in Amma Hall, Dankani Guest Palace, No. 1A, Kalambaina Road, Sokoto at 11:00 am to transact the following ordinary business:

AGENDA

1. To lay before the meeting the report of the Directors, Statement of Financial Position as at December 31, 2017 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 authorize the Directors to fix the remuneration of the Auditors.
5. To elect members of the Audit Committee.

Special Business:

6. To consider and if deemed fit pass a special resolution amending article 71 of the Company's articles of association as follows; That article 71 be and is hereby amended to read "Unless and until otherwise determined by a general meeting the number of Directors shall not be less than Seven (7) and not more than Thirteen (13), and the composition of the Board shall reflect the ownership structure of the Company".
7. To approve the remuneration of the Directors.

BY ORDER OF THE BOARD

AHMED ALIYU, Esq.

Company Secretary/Legal Adviser

Dated this 14th day of March, 2018

NOTES

(i) **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.

(ii) **Closure of Register of Members**

Notice is hereby given that the register of members and transfer books of the Company will be closed from Tuesday, **June 19, 2018 to Friday, June 22, 2018** (both dates inclusive) for updating the register.

(iii) **Dividend Payment**

If the dividend payment of =N=1:25k per share proposed by the Directors is approved, dividend warrants or e-payment will be paid on **Friday, July 27, 2018** to the shareholders whose names appear in the register of members by close of business on **Thursday, June 14, 2018.**

(iv) **Audit Committee**

In accordance with Section 395 (5) of the Companies and Allied Matters Act, CAP C20 LFN 2004, 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 30.2 of the Code of Corporate Governance issued by the Securities & Exchange Commission, 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 the nominee should be attached to the nomination.

(v) **Rights of Securities' Holders to ask Questions**

Securities' Holders have rights 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, July 24, 2018.**

Corporate Information

BOARD OF DIRECTORS:

Alhaji Abdulsamad Rabiu, CON	Chairman
Mr. Ibrahim Aminu	Managing Director
Mr. Chimaobi K. Madukwe	Director
Hajia Aishatu Umaru Gwandu, mni	Director
Alhaji Kabiru Rabiu	Director
Engr. Muhammad Umar Zauro	Director
Mr. Finn Arnoldsen	Director
Abubakar Magaji Esq.	Independent Director

PRINCIPAL OFFICERS:

Mr. Ibrahim Aminu	Managing Director/CEO
Mr. Haruna Hashim	Chief Financial Officer
Engr. Aminu A. Bashar	Director, Technical
Mr. Ahmed Aliyu Esq.	Director, Company Secretary
Mr. Rufai A. Muhammad	Asst. Director, Sales & Marketing
Mr. Yawale L. Isa	Asst. Director, Human Resources
Engr. Mohammed Yusuf	Asst. Director, Procurement & Inventory
Engr. Alexander O. Ijiga	Asst. Director, Maintenance
Mr. Usman S. Mohammed	Asst. Director, Internal Audit

**REGISTERED OFFICE/
OPERATIONAL OFFICE ADDRESS:**

KM 10 Kalambaina Road,
P. M. B. 02166, Sokoto.
GSM: 0808-718-9154 (+234)
Email- ccnn.sokoto@sokotocement.com
Website: www.sokotocement.com

COMPANY SECRETARY:

Ahmed Aliyu Esq.,
KM 10 Kalambaina Road, P. M. B. 02166,
Sokoto.
GSM: 0808-718-9154 (+234)
Extension No. 1064
Email- ahmed.aliyu@sokotocement.com

PRINCIPAL BANKERS:

Skye Bank Plc
Guaranty Trust Bank Plc
Zenith Bank Plc
First Bank of Nigeria Limited
Union Bank of Nigeria Plc
Diamond Bank Plc
Bank of Industry

CORPORATE INFORMATION (CONTD.)

INDEPENDENT AUDITORS:

Gbenga Badejo & Co.
(Chartered Accountants),
24, Ladipo Oluwole Street,
Off Adeniyi Jones Avenue, Ikeja, Lagos.
01-8820276, 0809-622-7865.

ADVISERS:

Philcrow Consult
Tax & Management Consultants.
17, Ibadan Street (East),
P.O.Box 938 Ebute Metta, Lagos.

Adeosun Peter B.Sc, MBA, FCTI,FCA
Managing Partner
FRC/2013/ICAN/00000002696

Ernst & Young
Consultants and Actuaries.
10th Floor, UBA House 57,
Marina Lagos,
Nigeria

O. O. Okpaise
Partner
Associate, Society of Actuaries, America.
Fellow, Institute of Actuaries, England
FRC/NAS/00000000738

Y. C. Maikyau & Co.
Solicitors
No. 9 Abdullahi Fodio Road, Sokoto
GSM: 0803-311-4171

Africa Prudential Registrars Plc.
Registrars
220B Ikorodu Road,
Palmgrove, Lagos.
01-4612376, 01-8752604 (+234)

Directors' Profile

Alhaji (Dr.) Abdulsamad Rabiu CON, a Nigerian, had his early education at Federal Government College, Kano after which he proceeded to the United States to study Economics in the Capital University Columbus, Ohio, United States of America.

He is the founder, Chairman and Chief Executive Officer of the BUA Group of Companies which he established in 1988 as a trading company engaged in the importation and marketing of iron, steel, agricultural materials as well as industrial chemicals.The BUA Group under the management of Alhaji Abdulsamad Rabiu acquired some public enterprises previously owned by the Federal Government of Nigeria via a competitive bidding process conducted by the Bureau of Public Enterprises. Some of the bids won were the concession rights to the Port Harcourt Ports which was later

Alhaji (Dr) Abdulsamad Rabiu, CON
(CHAIRMAN)

renamed BUA Ports & Terminals Limited and Lafiagi Sugar Company in Kwara State.

He is also the Chairman of BUA Sugar Refinery Limited, BUA Flour Mills in Lagos and Kano, Nigerian Oil Mills Limited, BUA Oil Mills Limited, Lagos. In addition his Company BUA International Limited acquired Damnaz Cement Company Limited through which he holds stakes in Cement Company of Northern Nigeria Plc. Sokoto and Edo Cement Company Limited Okpella, in 2009. Alhaji Abdulsamad Rabiu served as the Chairman of the Bank of Industry and also sits on the board of several other notable companies. He was appointed the Chairman of Cement Company of Northern Nigeria Plc. on February 2, 2010.

Ibrahim Aminu, a Nigerian, was born on 14th July, 1968. He obtained his B.Sc. Degree in Accounting from Ahmadu Bello University, Zaria, in 1990. He is also a member of the Institute of Chartered Accountants of Nigeria (ICAN) and a fellow of Association of Chartered Certified Accountants (ACCA, UK). Ibrahim Aminu also holds an MBA from Usmanu Danfodiyo University, Sokoto.

He started his working career at First Bank Nigeria Regional Office in Ibadan where he served under the NYSC scheme. He has over two and a half decades working experience in various organisations including; Federal Civil Service Commission, Lagos; Nigeria Universal Bank, Kaduna; Nigerian

Alhaji Ibrahim Aminu, FCCA.
(MANAGING DIRECTOR/CEO)

Security Printing and Minting Company Ltd, Lagos/Abuja;Nigerian Telecommunications Ltd, Abuja; Suburban Telecoms, Abuja: BUA Flour Mills, Lagos;

Alhaji Aminu joined Cement Company of Northern Nigeria Plc., in January, 2010 as Assistant Director – Finance and was later promoted to Finance Director. He was appointed into the Board as Executive Director – Finance, on May 13th, 2013.

Ibrahim Aminu has attended courses in various institutions including London School of Business & Finance and the Harvard Business School. Ibrahim Aminu was appointed the Ag. MD/CEO of Cement Company of Northern Nigeria Plc. on January 1, 2016, and was later confirmed as the substantive MD/CEO on June 1, 2016.

Directors' Profile (Cont'd)

Mr. Kenneth Chimaobi Madukwe
(DIRECTOR)

Kenneth Chimaobi Madukwe, a Nigerian, obtained a Bachelor's Degree in Management Studies (Accountancy) in 1984 from University of Jos. He also obtained a Master's degree in Business Administration (MBA Finance) from ESUTH Business School in 1990. Before joining the BUA Group in 2004, He was head of Corporate Finance in the former Citizens International Bank Plc where he worked from 1999 to 2004. He also worked as a consultant at PBTG Consulting between January and June 1999. He is currently the Group Chief Operating Officer (GCOO) of BUA Group.

He sits on the board of BUA International Limited, BUA Sugar Refinery Limited, BUA Ports and Terminals Limited, Edo Cement Company Limited and Cement Company of Northern Nigeria Plc. He has attended several top management courses both locally and abroad. He was appointed as a Director on February 2, 2010 to represent Damnaz Cement Company Limited (a subsidiary of BUA Group) on the Board of Cement Company of Northern Nigeria Plc.

Alhaji Kabiru Isyaku Rabiu
(DIRECTOR)

Kabiru Isyaku Rabiu, a Nigerian, obtained his MBA in International Business from American Intercontinental University, London, England in 2002. He joined Nigerian Oil Mills Limited owned by BUA Group in 2002 as Assistant General Manager and was promoted to the post of General Manager in 2005. He is currently the Group Executive Director of BUA Group. He has attended several courses within and outside Nigeria. He was appointed as a Director on February 16, 2010 to represent Damnaz Cement Company Limited (a subsidiary of BUA Group) on the Board of Cement Company of Northern Nigeria Plc.

Hajia Aishatu Umaru Gwandu, mni
(DIRECTOR)

Aishatu Umaru Gwandu, mni (Mrs.), a Nigerian, holds a B.Sc. in Business Administration (1984) and a Masters in Business Administration (1987) from Ahmadu Bello University Zaria. She is also a member of the National Institute of Policy and Strategic Studies and the Nigerian Institute of Public and Corporate Administrators.

She started her working career in Sokoto Investment Company Limited as an Investment Executive in 1985 and became the Acting Administrative Officer in 1986. She rose through the ranks and has over 26 years work experience at the former Sokoto State Civil Service. She is now the Managing Director/CEO of Kebbi Investments and Property Company Limited and also sits on the Board of several other Companies. She was appointed as a Director on November 20, 2008 to represent Kebbi Investment and Property Company Limited on the Board of Cement Company of Northern Nigeria Plc.

Hajia Aishatu resigned from the Board on March 31, 2018.

Directors' Profile (Cont'd)

Engr. Mohammed Umar Zauro, FNSE.
(DIRECTOR)

Mohammed Umar Zauro, a Nigerian, holds an MBA from Bayero University, Kano. He held the post of General Manager Rural Electrification Board in the old Sokoto State before joining NEPA where he rose to the position of Executive Director in charge of Distribution and Marketing. He also served as the Managing Director of the Cement Company of Northern Nigeria Plc from 1996 to 1998. Upon his exit from NEPA in 2000, Engr. Mohammed Umar Zauro formed Murdik Nigeria Limited, an engineering contracting and consulting firm.

He is a Chartered Electrical Engineer and a fellow of the Nigerian Society of Engineers, he is also a Fellow of the Institute of Electrical Engineers UK and member, Nigerian Institute of Management. He has served on several boards in the course of his career. He was appointed as a Director on July 6, 2010 to represent Nasdal Bap Nigeria Limited on the Board of Cement Company of Northern Nigeria Plc.

Engr. Muhammad resigned from the Board on March 31, 2018.

Mr. Finn Arnoldsen
(DIRECTOR)

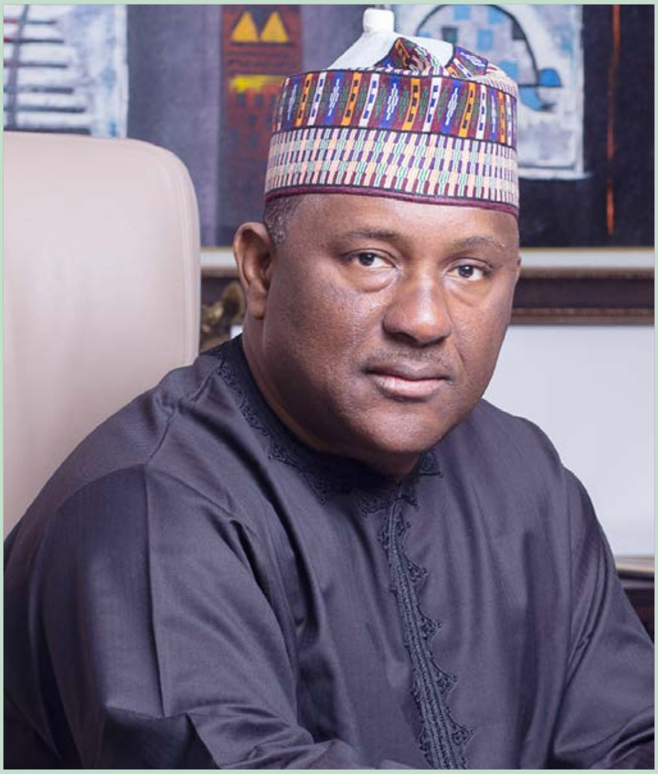
Finn Arnoldsen, a Norwegian, was born in 1954 and has a Master of Science in Mechanical Engineering in 1977 from NTH Norway and has also attended a Senior Management Development course in INSEAD, France in 2004.

Mr. Arnoldsen has extensive work experience from 1977 to date, most of which has been in the Cement Industry traversing several countries in Europe and Africa. He was once the Executive Director Sales and Marketing of Cement Company of Northern Nigeria Plc. and is currently the MD/CEO of Edo Cement Company Limited, (a Subsidiary of BUA Group). He was appointed as a Director on May 22, 2014 to represent Damnaz Cement Company Limited (a subsidiary of BUA Group) on the Board of Cement Company of Northern Nigeria Plc.

Alhaji Abubakar Magaji
(INDEPENDENT DIRECTOR)

Abubakar Magaji Esq., a Nigerian, holds a Bachelor of Law Degree from Ahmadu Bello University, Zaria in 1984 and he qualified as a Lawyer and was called to the Bar in 1985. Mr. Magaji had an extensive working career spanning over two decades and he retired from the Cement Company of Northern Nigeria Plc. as General Manager/ Company Secretary in the year 2000 to establish his private Legal Practice firm. He also worked as outsourced Company Secretary for CCNN before he finally resigned in 2013. He has attended many courses both at home and abroad in the course of his career. Mr. Magaji was appointed into the Board of Cement Company of Northern Nigeria Plc. on May 14, 2015 as an Independent Director.

Chairman's Statement



Alhaji (Dr.) Abdulsamad Rabiu, CON.
(CHAIRMAN)

Fellow shareholders, my colleagues on the Board of Directors, Members of the Audit Committee, Valued Customers, Observers from the regulatory agencies, Invited guests, Ladies and Gentlemen, I am delighted to welcome you to the 39th Annual General Meeting of our Company and to lay before the Shareholders the Annual Report and Financial statements for the year ended 31st December, 2017.

Performance during the year

The year 2017 was interesting as the economy of the country gradually crawled out of recession and the impact of the recovery although witnessed in other sectors, is yet to be fully felt in the construction sector generally and the cement industry in particular. Cement demand in Nigeria in 2017 came down by almost 20% compared to 2016. The Board of CCNN always works very hard to sustain good performance by the Company and increase in the share value, and 2017 was no exception. The Company performed well considering its capacity and the numerous challenges it faces, of which shortage of energy is the primary and biggest challenge. LPFO which is the main energy used by the Company has to be supplied from sources other than the Kaduna Refinery which is the closest to CCNN's plant, and had not been supplying LPFO for quite a long time now.

During the year 2017, the Company had a revenue of =N=19,588,260,886 compared to =N=14, 087, 553, 499 had in 2016. The profit after tax was =N=3, 223, 853, 347 compared to =N=1, 253, 805, 355 in the year 2016.

Improved cement prices and efficient cost management contributed to higher revenues and the good margin that was the best witnessed so far in the Company's long history. This is indeed an excellent achievement, which we hope to sustain in the Company going forward.

The Company is still dominant in its home market and also penetrates into some key strategic markets neighbouring its location. We hope to continue to enjoy our customers' loyalty, which we have earned overtime because of the quality of our cement.

Chairman's Statement (Cont'd)

Dividend

The Board wish to thank the Shareholders for their support and perseverance over the years aimed at building CCNN into a robust and competitive Company. This has seen the Shareholders going home with no dividend sometimes. The Board in view of the excellent performance for the year 2017, wish to recommend to the Annual General Meeting a gross dividend of =N=1.25k per share.

E-Dividend Mandate

Shareholders are once again encouraged to embrace the e-dividend mandate and ensure that they fill the relevant form and submit to the Registrars for getting immediate value once dividend is paid. Mandate forms for e-dividend and e-annual report are attached to this Annual Report for completion and return to the Registrars and could also be downloaded from the Company's or Registrar's websites: www.sokotocement.com www.africaprudential.com

Compliance Statement

The Company has complied with all the relevant Codes for Best Practices throughout the financial year ended December 31, 2017.

Conclusion

I wish to conclude by thanking fellow shareholders, fellow Directors, customers, staff, suppliers, and the host communities for their loyalty and support to the development of the Company.

I wish everyone safe journey back to our various destinations and hope to see you again at the next Annual General Meeting.

ABDULSAMAD RABIU, CON.

Chairman

FRC/2014/IODN/00000010111

Financial Highlights For The Year Ended 31 December, 2017

	31 December 2017 ₦	31 December 2016 ₦	Changes Increase/(decrease) ₦	%
MAJOR FINANCIAL POSITION ITEMS:				
Total assets	24,648,675,929	20,030,222,016	4,618,453,913	23
Non-current assets	12,325,166,509	10,531,183,487	1,793,983,022	17
Total liabilities	10,236,469,739	8,536,950,173	1,699,519,566	20
Borrowings	770,489,252	1,117,871,589	(347,382,337)	(31)
Shareholders' fund	14,412,206,190	11,493,271,843	2,918,934,347	25
MAJOR PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ITEMS:				
Turnover	19,588,260,886	14,087,553,499	5,500,707,387	39
Cost of sales	11,983,051,294	10,151,268,477	1,831,782,817	18
Gross profit	7,605,209,592	3,936,285,022	3,668,924,570	93
Profit before taxation	4,203,153,241	1,740,522,349	2,462,630,892	141
Profit after income tax	3,223,853,347	1,253,805,355	1,970,047,992	157
Total other Comprehensive (loss)/Income	(304,919,000)	220,366,000	(525,285,000)	(238)
Total Comprehensive Income	2,918,934,347	1,474,171,355	1,444,762,992	98
Dividend paid	-	125,667,757	(125,667,757)	(100)
RATIO:				
Current ratio	1.71:1	1.72:1	0.01	0.6
Gross Profit (%)	39	28	11	39
Net profit (%)	16	9	7	78
Return on capital employed (%)	22	11	11	100
Gearing	0.49:1	0.53:1	(0.04)	(8)
PER SHARE DATA:				
Basic earnings (kobo)	257	100	157	157
Diluted EPS (kobo)	257	100	157	157
Net assets	11	9	2	22
Cement Deliveries (Tonnes)	**467,707**	**488,495**	**(20,788)**	**(4)**
Number of Employees	**348**	**337**	**11**	**3**

Return on capital employed (ROCE) ratio measures a company's profitability and the efficiency with which its capital is employed.
Current ratio indicates a company's ability to pay its current liabilities from its current assets.
Gearing ratio measures the proportion of a company's borrowed funds to its equity.
Earnings per share, net assets per share and dividend per share are based on profit after taxation, net assets and dividend proposed respectively and the number of issued and fully paid ordinary shares at the end of each financial year.

Report Of The Directors For The Year Ended 31 December, 2017

The Directors of Cement Company of Northern Nigeria Plc "the Company" are pleased to present their annual report together with the Financial Statements of the company to the members for the year ended 31st December, 2017.

(1) PRINCIPAL ACTIVITIES

The principal activities of the Company are Manufacturing and Sales of Cement to the general public.

(2) LEGAL FORM

The Company was incorporated as a Limited Liability Company on the 15th August 1962 and commenced business in 1967. The Company was listed on the Nigerian Stock Exchange on the 4th October, 1993.

Damnaz Cement Company Limited is a wholly-owned subsidiary of BUA International Limited through which BUA International Limited's investment of 50.72% in Cement Company of Northern Nigeria Plc is held.

(3) RESULT FOR THE PERIOD

	31 December, 2017 ₦
Revenue	**19,588,260,886**
Profit Before Income Taxes	4,203,153,241
Income Taxes	(979,299,894)
Profit After Income Taxes	**3,223,853,347**

(4) OPINION OF THE DIRECTORS

In the opinion of the Board of Directors;

i. The Financial Statements of the Company together with the notes therein are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December, 2017 and of the financial performance, changes in equity and cash flows for the year then ended and;

ii. As at the date of reporting, there are reasonable grounds to believe that the Company will be able to pay its liabilities as and when they fall due.

Report Of The Directors For The Year Ended 31 December, 2017 (Cont'd)

(5) DIRECTORS AND DIRECTORS' INTEREST

The names of the Directors are detailed on page 4. The interests of the Directors in the Issued Share Capital of the company are listed below in accordance with Section 275 of the Companies and Allied Matters Act, CAP C20 LFN 2004:

	No of shares held (Units) As at 31/12/2017		
	Direct	**Indirect**	**Representing**
Alhaji Dr. Abdulsamad Rabiu, CON	Nil	691,359,467	Damnaz Cement Co. Ltd & BUA International Ltd
Mr. Ibrahim Aminu	Nil	Nil	N/A
Mr. Chimaobi K Madukwe	Nil	Nil	N/A
Hajia Aishatu Umaru Gwandu, mni	38,000	61,380,000	Kebbi Invest. & Property Co. Ltd
Alhaji Kabiru Rabiu	Nil	Nil	N/A
Engr. Muhammad Umar Zauro	45,100	144,314,750	Nasdal BAP Nig. Ltd
Mr. Finn Arnoldsen	Nil	Nil	N/A
Mr. Abubakar Magaji Esq.	46,998	Nil	N/A

	No of shares held (Units) As at 31/12/2016		
	Direct	**Indirect**	**Representing**
Alhaji Dr. Abdulsamad Rabiu, CON	Nil	691,359,467	Damnaz Cement Co. Ltd & BUA International Ltd
Mr. Ibrahim Aminu	Nil	Nil	N/A
Mr. Chimaobi K Madukwe	Nil	Nil	N/A
Hajia Aishatu Umaru Gwandu, mni	38,000	61,380,000	Kebbi Invest. & Property Co. Ltd
Alhaji Kabiru Rabiu	Nil	Nil	N/A
Dr. Faruk Umar	Nil	Nil	N/A
Engr. Muhammad Umar Zauro	45,100	144,314,750	Nasdal BAP Nig. Ltd
Mr. Finn Arnoldsen	Nil	Nil	N/A
Mr. Abubakar Magaji Esq.	46,998	Nil	N/A

(6) APPOINTMENT/ RESIGNATION OF DIRECTORS

Engr. Muhammad Umar Zauro and Hajia Aishatu Umaru Gwandu resigned from the Board on March 31, 2018. The Board accepted their resignation and wished them success in their future endeavours.

(7) RETIREMENT BY ROTATION

In accordance with Articles 85 to 87 of the Articles of Association of the Company, the Directors to retire by rotation are Alhaji (Dr.) Abdulsamad Rabiu and Mr. Chimaobi K. Madukwe who, being eligible, offer themselves for re-election. The Board has found their performance as very satisfactory and recommended them to the shareholders for re-election. Their detailed profiles can be found on pages 6 to 8.

Report Of The Directors For The Year Ended 31 December, 2017 (Cont'd)

(8) STATISTICAL ANALYSIS OF THE SHAREHOLDING AS AT 31ST DECEMBER 2017

Range of Shareholding	No. of Holders	Holders %	Holders Cummulative	Units	Units %	Units Cummulative
1 - 1,000	20,419	59%	20,419	8,065,431	1%	8,065,431
1,001 - 5,000	9,833	29%	30,252	21,696,990	2%	29,762,421
5,001 - 10,000	1,727	5%	31,979	12,709,974	1%	42,472,395
10,001 - 50,000	1,814	5%	33,793	40,023,957	3%	82,496,352
50,001 - 100,000	267	1%	34,060	19,559,608	2%	102,055,960
100,001 - 500,000	228	1%	34,288	47,954,530	4%	150,010,490
500,001 - 1,000,000	18	0%	34,306	13,260,718	1%	163,271,208
1,000,001 - Above	40	0%	34,346	1,093,406,558	86%	1,256,677,766
GRAND TOTAL	**34,346**	**100%**		**1,256,677,766**	**100%**	

According to the register of members as at 31 December, 2017, 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
Damnaz Cement Co. Ltd	637,403,152	50.72
Nasdal Bap Nig. Ltd	144,314,750	11.48

SHAREHOLDING PER CATEGORY

S/No.	Category	No. of Holders	Units
1.	Corporate	729	966,220,017
2.	Government	25	100,473,127
3.	Individual	33,581	189,376,272
4.	Joint	4	32,105
5.	Foreign	1	15,000
6.	Institution	6	561,245
		34,346	1,256,677,766

(9) DIVIDEND

The Board is proposing a gross dividend of N1.25k on every ordinary share in issue. This amounts to N1,570,847,208. The proposed dividend if approved by the shareholders is subject to deduction of Withholding tax at the appropriate rate.

Report Of The Directors For The Year Ended 31 December, 2017 (Cont'd)

(10) GIFTS AND DONATIONS

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

Charitable Gifts totaling ₦17,350,000 were given out in accordance with the Company's policy on social development and improvement of the community, the environment and hygienic conditions of the less privileged. Full details of gifts and donations are detailed below:

Corporate Social Responsibility Project	2017 ₦
Scholarship Scheme for students in Sokoto, Zamfara and Kebbi States (50 students)	5,000,000
Donation and provisions of School Uniforms and Educational materials to Pupils of Sabon Garin Alu Primary School	350,000
Drugs to 5 community clinics (Wajeke, Mobile Police Barracks, Kalambaina, Arkilla and Sabon Garin Alu)	5,000,000
Donation of cement to Host Communities	7,000,000
	17,350,000

Corporate Social Responsibility Project	2016 ₦
Scholarship Scheme for students in Zamfara and Kebbi States (10 students each)	2,000,000
Donation and provisions of School Uniforms and Educational materials to Pupils of Sabon Garin Alu Primary School	1,700,000
Drugs to 5 community clinics (Wajeke, Mobile Police Barracks, Kalambaina, Arkilla and Sabon Garin Alu)	3,500,000
Donation of cement to Host Communities	57,850,000
	65,050,000

(11) ACQUISITION OF OWN SHARES

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

(12) PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment during the year are shown in Note 15 of the financial statements. In the opinion of the Directors, the market value of the Company's plant and equipment are not less than the value shown in the financial statements.

Report Of The Directors For The Year Ended 31 December, 2017 (Cont'd)

(13) EMPLOYMENT AND EMPLOYEES

i. Employment of disabled persons

It is the policy of the Company that there is no discrimination in consideration of applications for employment including those from disabled persons. All employees whether or not disabled are given equal opportunities to develop their experience and knowledge and to qualify for promotion in furtherance of their careers. There are currently 2 physically challenged persons in CCNN's employment.

ii. Health, Safety and Welfare

The Company maintains business premises designed with a view to guaranteeing the safety and healthy living conditions of its employees. Employees are adequately insured against occupational hazards. All safety standards are met by the Company and these include provision of firefighting equipment, adequate protective clothing and foot wears. The Company also pays reasonable termination and gratuity benefits to all members of staff who are entitled to them in accordance with the conditions of service.

iii. Employee Involvement and Training

Whether people join the Company as operational staff, graduates or experienced professionals, they receive support and training that will bring out the best in them. The Company is proud of its records for nurturing talents and encouraging people to fulfil their potentials. The Company places a high premium on the training and development of its manpower and sponsors employees for various training courses both locally and internationally as appropriate. In CCNN, all employees are involved in mapping the future of the business with open communication playing a pivotal role. Effective communication channels exist to keep employees fully informed about the Company's performance and progress. Employees make inputs concerning them through various general staff meetings. Through well designed and implemented incentive schemes, employees are encouraged to participate in the ownership of the business.

(14) EVENTS AFTER REPORTING PERIOD

No material events took place between 31 December 2017 and the date on which these accounts were signed.

(15) WHISTLE BLOWING POLICY

The Company is committed to fair and ethical business practices with transparency and integrity. Hence CCNN 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 of involving anything illegal, unethical, harmful and or improper practices. All matters reported are accepted and treated with confidentiality to the identity of the whistle blower.

(16) COMPLAINTS MANAGEMENT POLICY

CCNN 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, providing sufficient resources to ensure that shareholders' complaints and enquiries are dealt with adequately, and in an efficient and timely manner and facilitating efficient and easy access to

Report Of The Directors For The Year Ended 31 December, 2017 (Cont'd)

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 Cement Company of Northern Nigeria Plc ("CCNN" or "the Company") and its Registrar will provide assistance regarding shareholder issues and concerns. It also provides the opportunity for CCNN's shareholders to provide feedback to the Company on matters that affect them.
This Policy only relates to the Company's shareholders and does not extend to its customers, suppliers or other stakeholders.

The policy is available on the Company's website www.sokotocement.com for access by all shareholders.

(17) 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.

CCNN'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 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, CCNN wants board members, employees and external stakeholders to respect the safeguarding of confidential information and potentially price sensitive information.

(18) APPROVAL OF ACCOUNTS

These financial statements for the year ended 31 December, 2017 have been approved for issue by the Directors on 15th March, 2018.

Report Of The Directors For The Year Ended 31 December, 2017 (Cont'd)

(19) INDEPENDENT AUDITOR

The Independent Auditor, Messrs. Gbenga Badejo & Co. (Chartered Accountants) have indicated their willingness to continue in office as Auditors of the Company in accordance with the provisions of section 357 (2) of the Companies and Allied Matters Act, CAP C20, LFN 2004. A resolution will be proposed authorizing the Directors to fix their remuneration.

BY ORDER OF THE BOARD

Ahmed Aliyu Esq.
Company Secretary/Legal Adviser

FRC No.: FRC/2013/NBA/00000002396
Cement Company of Northern Nigeria Plc
Sokoto, Nigeria

Dated this: **15thMarch, 2018**

Corporate Governance Report

The Company recognises and believes in the importance of commitment to the highest standards of corporate governance. Hence, its compliance with the Code of Corporate Governance for public companies in Nigeria. The Company also strives to observe the highest standards of transparency and accountability in its dealings with all stakeholders in order to ensure the sustenance and profitable management that will result in delivering value to its shareholders. The Board is responsible and accountable for the Company's activities including management, risk, strategy and financial performance.

One independent non-executive Director was appointed on the Board in compliance with the Code of Corporate Governance in order to strengthen the Board in the discharge of its duties.

BOARD COMMITTEES

The Board comprises of eight members, seven of whom are non-Executive. One of the non- Executive Directors chairs the Board. The Board Chairman is not in any of the committees.

The statutory Audit Committee is chaired by an independent shareholder.

The Company maintains a commitment to relentlessly seeking absolute transparency and disclosure to its shareholders and other stakeholders in all its dealings in line with the high standards of corporate governance including effectively monitoring the Management.

To this end, both the Board and the Management have individually signed a Code of Business Conduct and Ethics. In addition, each Director is required to declare his/her interest in dealings with the Company at every meeting.

The Board consists of persons of mixed skills with experience in different fields of human endeavour and meets at least once quarterly or when the need arises to review performance and set targets.

Board meetings attendance:

		Date of Meeting and Attendance			
S/No.	**Directors**	**15/03/2017**	**11/05/2017**	**08/11/2017**	**14/12/2017**
1	Abdulsamad Rabiu, CON	P	P	P	P
2	Ibrahim Aminu	P	P	P	P
3	Chimaobi Madukwe	P	P	P	P
4	Kabiru I. Rabiu	A	P	P	P
5	Aishatu U. Gwandu, mni	P	P	P	P
6	Muhammad U. Zauro	P	P	P	P
7	Finn Arnoldsen	P	A	P	P
8	Abubakar Magaji Esq.	P	P	P	P

N.B. P = Present **A** = Apology

Board Committees (Cont'd.)

The Board also discharges its responsibilities through the following Committees:

a) Finance and General Purpose Committee

The Committee vets the budget, Audited and Management Accounts and makes necessary recommendations to the Board. It also vets contracts for capital projects beyond the approval limits of the Management.

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

		Date Meeting Held and Attendance			
S/NO.	**Directors**	**14/03/2017**	**10/05/2017**	**07/11/2017**	**13/12/2017**
1	Kabiru I. Rabiu	**A**	**A**	**P**	**P**
2	Ibrahim Aminu	**P**	**P**	**P**	**P**
3	Chimaobi K. Madukwe	**P**	**P**	**P**	**P**
4	Muhammad U. Zauro	**P**	**P**	**P**	**P**
5	Abubakar Magaji Esq.	**P**	**P**	**P**	**P**
6	Finn Arnoldsen	**P**	**P**	**P**	**P**

N.B. P = Present **A** = Apology

b) Governance, Establishment and Remuneration Committee

The Committee oversees the nomination and appointment of Board members, Board performance evaluation process and succession plan for the Board and Board remuneration process.

It also considers staff matters in general and appointments and discipline of Top Management Staff.

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

		Date Meeting Held and Attendance		
S/NO.	**Directors**	**14/03/2017**	**07/11/2017**	**13/12/2017**
1	Abubakar Magaji Esq.	**P**	**P**	**P**
2	Chimaobi Madukwe	**P**	**P**	**P**
3	Aishatu U. Gwandu, mni	**P**	**P**	**P**
4	Muhammad U. Zauro	**P**	**P**	**P**
5	Finn Arnoldsen	**P**	**P**	**P**

N.B. P = Present **A** = Apology

Board Committees (Cont'd.)

c) Risk Management Committee

The Committee is to determine the medium and long term strategies for the Company principal risks and ensure that they are adequately assessed and effectively managed, evaluate the adequacy of the Company's internal control policy and ensure that policies and strategies for managing risks are in place.

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

		Date Meeting Held and Attendance	
S/NO.	**Directors**	**10/05/2017**	**13/12/2017**
1	Muhammad U. Zauro	**P**	**P**
2	Ibrahim Aminu	**P**	**P**
3	Kabiru I. Rabiu	**P**	**P**
4	Aishatu U. Gwandu, mni	**P**	**P**
5	Finn Arnoldsen	**P**	**P**

N.B. **P** = Present **A** = Apology

BY ORDER OF THE BOARD

Ahmed Aliyu Esq.
Company Secretary/Legal Adviser

FRC No.: FRC/2013/NBA/00000002396
Cement Company of Northern Nigeria Plc
Sokoto, Nigeria

Dated this: **15th March, 2018**

Statement Of Directors' Responsibilities For The Year Ended 31 december, 2017.

The Companies and Allied Matters Act, CAP C20 LFN, 2004 (section 334 and 335) requires 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 and of its financial performance. 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, CAP C20 LFN, 2004;

(b) Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

(C) Prepares its financial statements 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 Standard as issued by the International Accounting Standards Board, and the requirements of the Financial Reporting Council of Nigeria Act, No 6, 2011and the Companies and Allied Matters Act, CAP C20 LFN, 2004.

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 or loss. 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.

....
Alhaji Abdulsamad Rabiu, CON
Chairman
FRC/2014/IODN/00000010111
Date: 15th March, 2018

....
Mr. Ibrahim Aminu
Managing Director/CEO
FRC/2013/ICAN/00000001247
Date: 15th March, 2018

....
Mr. Haruna Hashim
Chief Financial Officer
FRC/2013/ICAN/00000003271
Date: 15th March, 2018

Report Of Audit Committee For The Year Ended 31 December, 2017.

The Audit Committee is pleased to present this report for the financial year ended 31 December 2017 in compliance with S.359 (6) of the Companies and Allied Matters Act and has the oversight responsibility for the Company's Accounts.

The Audit Committee is an independent statutory committee appointed by the shareholders and performs its functions on behalf of Cement Company of Northern Nigeria Plc.

Audit Committee terms of reference

The Audit Committee has adopted a formal terms of reference 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 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.

		Date Meeting Held and Attendance			
S/NO.	**Members**	**14/03/2017**	**10/05/2017**	**07/11/2017**	**13/12/2017**
1	Ajibola A. Ajayi	**P**	**P**	**P**	**P**
2	Kabiru A. Tambari	**P**	**P**	**P**	**P**
3	Oderinde Taiwo	**P**	**P**	**P**	**P**
4	Aishatu U. Gwandu, mni	**P**	**P**	**P**	**P**
5	Kabiru I. Rabiu	**A**	**A**	**P**	**P**
6	Chimaobi Madukwe	**P**	**P**	**P**	**P**

N.B. P = Present **A** = Apology

Role 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 advisors.

Statutory duties

The audit committee's role and responsibilities include statutory duties as per 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 Audit Committee For The Year Ended 31 December, 2017 (Cont'd.)

External auditors' appointment and independence

In terms of the provisions of Companies and Allied Matters Act, the audit committee has satisfied itself that the external auditors, Gbenga Badejo & Co. (Chartered Accountants), are independent of the company and have 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, 2017.

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 International Financial Reporting Standards, the Companies and Allied Matters Act and the Securities and Exchange 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:

Going concern

The audit committee reviews the going concern status of the company at each meeting and makes recommendations to the board.

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.

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.

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

Report Of Audit Committee For The Year Ended 31 december, 2017 (Cont'd.)

management responsible for the financial function.

In compliance with the Provisions of Section 359(6) of the Companies and Allied Matters Act, CAP C20 LFN, 2004, 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, 2017 are adequate;
- We constantly monitored accounting and internal controls system through an effective Internal Audit function;
- We are satisfied with the External Auditors' Management Report for the year ended 31 December, 2017, as well as the response of the Management thereto; and
- We considered that the external auditors are independent and qualified to perform their duties effectively.

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

Dated this day:**15th March, 2018**

AUDIT COMMITTEE MEMBERS:

Mr. Ajibola Ajayi, **FCA, CFA**	-	Chairman - Independent shareholder
Mr. Oderinde Taiwo	-	Independent shareholder
Mr. Kabiru A. Tambari	-	Independent shareholder
Mr. Chimaobi Madukwe	-	Director
Alhaji Kabiru I. Rabiu	-	Director
Hajia Aishatu Umaru Gwandu, mni	-	Director


Ajayi Ajibola
Chairman (Shareholder)


Taiwo Oderinde
Member (Shareholder)


Kabiru A. Tambari
Member (Shareholder)


Alh. Kabiru I. Rabiu
Member (Director)


Hajiya Aishatu Umar Gwandu, mni
Member (Director)


Mr. Kenneth Chimaobi Madukwe
Member (Director)

gbc Gbenga Badejo & Co.
(Chartered Accountants)

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Adeniyi Jones Avenue, Ikeja.
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Lagos, Nigeria.
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Report Of The Independent Auditors To The Members Of The Cement Company Of Northern Nigeria Plc.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENT

OPINION

We have audited the financial statements of Cement Company of Northern Nigeria Plc (CCNN) herein referred to as "the company", which comprise

- the company's statement of financial position as at 31 December, 2017;
- the company's statement of profit or loss and other comprehensive income for the year ended 31 December, 2017;
- the company's statement of changes in equity for the year ended 31 December, 2017;
- the company's statement of cash flows for the year ended 31 December, 2017;
- the notes comprising a summary of the significant accounting policies and other explanatory information.

In our opinion, the accompanying Financial Statements give a true and fair view of the financial position of the company as at 31 December, 2017 and (of) its financial performance and cash flows for the year then ended in accordance with the provision of the International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board and in the manner required by Financial Reporting Council of Nigeria Act, No. 6, 2011 and the Companies and Allied Matters Act, CAP C20 LFN, 2004.

BASIS FOR OUR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs) issued by International Auditing and Assurance Standards Board (IAASB) and Nigerian Standards onAuditing (NSAs) issued by the Institute of Chartered Accountants of Nigeria (ICAN). Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the Financial Statements section of our report. We are independent of the company in accordance with the ICAN codes of ethics for professional accountants and we have fulfilled our other ethical responsibilities in accordance with the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters, that in our professional judgments, 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.

Report Of The Independent Auditors To The Members Of Cement Company Of Northern Nigeria Plc (Contd.)

We have determined the matters described below to be the key audit matters to be communicated in our report. The key audit matters below relate to the audit of the financial statements.

Key Audit Matters	How we address the Key Audit Matters	What we reported to the Audit Committee
Valuation of Employee Benefits Liabilities		
Management has estimated the fair value of the company's End of Service Benefits to be N1.239 billion as at 31st December 2017 with actuarial loss for the year ended 31st December 2017 recorded in the other comprehensive income of N304.919 million. Independent external valuations were obtained in order to support management's estimates. The valuations are dependent on certain key assumptions that require significant management judgement including discount rates and pay increase.	Our procedures in relation to management's valuation of Employee Benefits Liabilities included; i. Evaluation of the independent external valuers' competence, capabilities and objectivity. ii. Assessing the methodologies used by the independent actuarial valuers to estimate the fair value. iii. Checking on sample basis the accuracy and relevance of the input data used by management to estimate value in use. iv. Our in-house expert review of the assumption of the actuarial basis (discount rate, methodology etc). We found the key assumptions were supported by the available evidence. The fair value was supported by recent discount rate and the pay increase were in line with our expectations. We found the disclosures in note 14 to be appropriate.	We completed our audit procedures with no adverse findings.

Report Of The Independent Auditors To The Members Of Cement Company Of Northern Nigeria Plc (Contd.)

Other Information in the Annual Report

The directors are responsible for the other information. The other information comprises all the information included in annual report other than the company's financial statements and our auditor's report thereon.

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

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

Responsibilities of the Management and Those charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004, Financial Reporting Council Act, 2011 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, management is 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 management either intends 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and NSAs 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 and NSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Report Of The Independent Auditors To The Members Of Cement Company Of Northern Nigeria Plc (Contd.)

- 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 internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit Committee 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.

Report Of The Independent Auditors To The Members Of Cement Company Of Northern Nigeria Plc (Contd.)

From the matters communicated with the Audit Committee, 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, CAP C20 LFN, 2004 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 purpose of our audit;
ii. in our opinion, proper books of account have been kept by the Company; and
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.

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

Adesuyi Oluwayomi Bamidele, FCA
Engagement Partner
FRC/2014/ICAN/00000007990
Gbenga Badejo & Co.,
Chartered Accountants,
24, Ladipo Oluwole Street,
Off Adeniyi Jones Avenue,
Ikeja, Lagos.

Date: 16th March, 2018

Statement Of Profit Or Loss And Other Comprehensive Income For The Year Ended 31 December, 2017

	Notes	2017 ₦	2016 ₦
Revenue	7	19,588,260,886	14,087,553,499
Cost of sales	8	(11,983,051,294)	(10,151,268,477)
Gross profit		**7,605,209,592**	**3,936,285,022**
Other income	9	103,213,562	138,319,645
Selling and distribution expenses	10	(882,806,497)	(367,636,086)
Administrative expenses	11	(2,598,764,546)	(1,900,468,539)
Profit from operation		**4,226,852,111**	**1,806,500,042**
Finance income	12(a)	108,202,925	132,722,933
Finance expenses	12(b)	(131,901,795)	(198,700,626)
Net finance expenses		(23,698,870)	(65,977,693)
Profit before taxation		**4,203,153,241**	**1,740,522,349**
Tax expenses	13	(979,299,894)	(486,716,994)
Profit for the year		**3,223,853,347**	**1,253,805,355**
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Actuarial (loss)/ gain on defined benefit plan (Net)	14	(304,919,000)	220,366,000
Total other comprehensive income		(304,919,000)	220,366,000
Total comprehensive income		**2,918,934,347**	**1,474,171,355**
Earnings per share			
Basic EPS (kobo)	32	257	100
Diluted EPS (kobo)	32	257	100

The accompanying explanatory notes on pages 35 to 77 and other national disclosures on pages 78 to 79 form an integral part of these financial statements.

Statement Of Financial Position As At 31 December, 2017

	Notes	2017 ₦	2016 ₦
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	12,324,586,260	10,530,409,822
Intangible assets	16	580,249	773,665
		12,325,166,509	**10,531,183,487**
CURRENT ASSETS			
Inventories	17	6,515,834,799	5,245,925,971
Trade and other receivables	18	2,674,010,830	1,789,626,726
Cash and cash equivalents	19	3,133,663,791	2,463,485,832
		12,323,509,420	**9,499,038,529**
TOTAL ASSETS		**24,648,675,929**	**20,030,222,016**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	20	628,338,885	628,338,885
Share premium	21	3,513,606,409	3,513,606,409
Retained earnings	23	10,173,690,169	6,949,836,822
Other reserves	22	96,570,727	401,489,727
		14,412,206,190	**11,493,271,843**
NON-CURRENT LIABILITIES			
Deferred tax liabilities	24	1,356,432,084	1,044,302,934
Long term borrowings	25	414,500,082	848,886,316
Deferred revenue	26	31,988,099	83,756,877
Employee benefit liability	14	1,239,948,824	1,012,976,450
Provision	29	27,645,772	45,045,772
		3,070,514,861	**3,034,968,349**
CURRENT LIABILITIES			
Trade and other payables	27	6,100,585,144	4,900,612,130
Income tax payable	28	667,170,744	304,866,320
Short term borrowings	25	355,989,170	268,985,273
Deferred revenue	26	42,209,820	27,518,101
		7,165,954,878	**5,501,981,824**
Total Liabilities		**10,236,469,739**	**8,536,950,173**
TOTAL EQUITY AND LIABILITIES		**24,648,675,929**	**20,030,222,016**

The financial statements and notes on pages 35 to 77 were approved by the Board of Directors on 15th March, 2018 and signed on its behalf by:

Alhaji Abdulsamad Rabiu, CON	**Mr. Ibrahim Aminu**	**Mr. Haruna Hashim**
Chairman	**Managing Director/CEO**	**Chief Financial Officer**
FRC/2014/IODN/00000010111	**FRC/2013/ICAN/00000001247**	**FRC/2013/ICAN/00000003271**

The accompanying explanatory notes on pages 35 to 77 and other national disclosures on pages 78 to 79 form an integral part of these financial statements.

Statement Of Changes In Equity For The Year Ended 31 December, 2017

	SHARE CAPITAL ₦	SHARE PREMIUM ₦	CAPITAL RESTRUC-TURING RESERVE ₦	RESERVE ON ACTUARIAL VALUATION OF DEFINED BENEFIT PLAN ₦	RETAINED EARNINGS ₦	TOTAL EQUITY ₦
Balance at 1 January 2016	628,338,885	3,513,606,409	120,932,727	60,191,000	5,821,699,224	10,144,768,245
Comprehensive income:						
Profit for the period	-	-	-	-	1,253,805,355	1,253,805,355
Other comprehensive income for the period	-	-	-	220,366,000	-	220,366,000
Total Comprehensive Income	-	-	-	**220,366,000**	**1,253,805,355**	**1,474,171,355**
Transactions with owners recorded directly in equity						
Dividend Paid **(Note 35)**	-	-	-	-	(125,667,757)	(125,667,757)
Balance at 31 December 2016	**628,338,885**	**3,513,606,409**	**120,932,727**	**280,557,000**	**6,949,836,822**	**11,493,271,843**
Balance at 1 January 2017	628,338,885	3,513,606,409	120,932,727	280,557,000	6,949,836,822	11,493,271,843
Comprehensive income:						
Profit for the period					3,223,853,347	3,223,853,347
Other comprehensive income for the period				(304,919,000)		(304,919,000)
Total Comprehensive Income	-	-	-	**(304,919,000)**	**3,223,853,347**	**2,918,934,347**
Transactions with owners recorded directly in equity						
Dividend Paid **(Note 35)**	-	-	-	-	-	-
Balance at 31 December 2017	**628,338,885**	**3,513,606,409**	**120,932,727**	**(24,362,000)**	**10,173,690,169**	**14,412,206,190**

The accompanying explanatory notes on pages 35 to 77 and other national disclosures on pages 78 to 79 form an integral part of these financial statements.

Statement Of Cash Flows For The Year Ended 31 December, 2017

	Note	2017 ₦	2016 ₦
Cash flows from operating activities			
Profit before taxation		4,203,153,241	1,740,522,349
Adjustment to reconcile net income to net cash provided by operating activities:			
Depreciation of property, plant and equipment	15	687,286,103	570,129,586
Amortisation of intangible assets	16	193,416	2,776,734
Profit on disposal of property, plant and equipment	9	(686,480)	(9,211,000)
Impairment of property, plant and equipment		90,474,209	7,852,991
Allowance for impairment on receivables	18	103,055,187	10,617,951
Reversal of impairment	18	(1,015,000)	-
Operating cashflows before movements in working capital		**5,082,460,676**	**2,322,688,611**
Working Capital Adjustments:			
Increase/(Decrease) in trade and other receivables		(986,424,290)	(1,317,323,567)
(Increase)/Decrease in inventories		(1,269,908,830)	290,818,327
Increase/(Decrease) in trade and other payables		1,199,973,015	1,313,557,670
Increase/(Decrease) in Provisions	29	(17,400,000)	(23,708,113)
Increase/(Decrease) in End of Service Benefit Obligations		(77,946,626)	449,621,450
Cash generated from operations		**3,930,753,944**	**3,035,654,377**
Tax paid	28	(304,866,320)	(236,164,229)
Net cash flows from operating activities		**3,625,887,624**	**2,799,490,148**
Investing Activities			
Purchase of property, plant and equipment	15	(2,573,553,868)	(991,124,202)
Proceeds from disposal of property, plant and equipment		2,303,599	10,930,156
Net cash flows used in investing activities		**(2,571,250,269)**	**(980,194,046)**
Financing Activities			
Dividend paid to equity holders	23	-	(125,667,757)
Repayment of borrowings	34	(384,459,396)	(234,822,512)
Net cash flows used in financing activities		**(384,459,396)**	**(360,490,269)**
Net increase in cash and cash equivalents		670,177,959	1,458,805,833
Cash and cash equivalents at 1 January		2,463,485,832	1,004,679,999
Cash and cash equivalents at 31 December	19	**3,133,663,791**	**2,463,485,832**

Notes To The Financial Statements For The Year Ended 31 December, 2017

1. Corporate information and principal activities

Cement Company of Northern Nigeria Plc was incorporated as a limited liability company on the 15th August, 1962 under the Companies and Allied Matters Act, CAP C20, LFN 2004 as amended and commenced business operation in 1967. The Company was listed on the Nigerian Stock Exchange on the 4th October, 1993. Damnaz Cement Company Limited is a wholly owned subsidiary of BUA International Limited through which BUA International Limited's investment of 50.72% in Cement Company of Northern Nigeria Plc is held.

The Company is incorporated and domiciled in Nigeria. The Registered address of the Company is Km 10, Kalambaina Road, Sokoto, Nigeria.

The principal actitivities of the Company during the period were manufacturing and sales of cement to the general public.

2 Application of new and revised international financial reporting standards

2.1 Accounting standards and interpretations issued and effective

The following revisions to accounting standards and pronouncements were issued and effective at the reporting date:

IFRS Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
IAS 12 amended issued in January 2016	Income Taxes	The amendments clarify that the entity needs to consider whether the tax law restrict the sources of taxable profit against which it may make deductions on the reversal of that deductible temporary difference. The amendment further provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.	1 January 2017	On initial application of the amendments, there was zero impact on the earliest comparative period of the retained earnings.
IAS 7 amended issued in January 2016	Statement of cash flows	The amendment requires an entity to provide disclosures that enable users of financial statements to evaluate changes in Liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as the company's foreign exchange gains or Losses.	1 January 2017	On initial application of this amendment, entity are not required to provide comparative information for preceding periods.

Notes To The Financial Statements For The Year Ended 31 December, 2017

2. Standard, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Company.

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for the financial year. They have not been adopted in preparing the financial statements for the year ended 31 December 2017 and are expected not to affect the entity in the period of initial application. In all cases, the entity intends to apply these standards from the application dates as indicated in the table below.

IFRS Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
IFRS 15 Issued in May 2014	Revenue from contracts with customers	IFRS 15 contains comprehensive guidance for accounting for revenue and will replace existing requirements which are currently set out in a number of Standards and Interpretations. The standard introduces significantly more disclosures about revenue recognition and it is possible that new and/or modified internal processes will be needed in order to obtain the necessary information. The Standard requires revenue recognised by an entity to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is delivered in a five-step model framework: (i) Identify the contract(s) with a customer (ii)Identify the performance obligations in the contract (iii)Determine the transaction price (iv)Allocate the transaction price to the performance obligations in the contract (v)Recognise revenue when (or as) the entity satisfies a performance obligation.	1 January 2018	The amendment to the standard will not impact on the Company's financial statements when it becomes effective in 2018.
IAS 40 amended issued in 8 December 2016	Investment property	Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list	Annual reporting periods beginning on or after 1 January 2018	The amendment to the standard will not have impact on the Company's financial statements when it becomes effective in 2018.

Notes To The Financial Statements For The Year Ended 31 December, 2017

IFRS Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
IFRS 9 (2014) (issued July 2014)	Financial Instruments	**Classification and measurement** Financial assets will either be measured - at amortised cost, - fair value through other comprehensive income (FVTOCI) or - fair value through profit or loss (FVTPL). **Impairment** The impairment model is a more 'forward looking' model in that a credit event no longer has to occur before credit losses are recognised. For financial assets measured at amortised cost or fair value through other comprehensive income (FVTOCI), an entity will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition. **Hedging** The new hedge accounting model introduced the following key changes: -Simplified effectiveness testing, including removal of the 80-125% highly effective threshold -More items will now qualify for hedge accounting, e.g. pricing components within a non-financial item, and net foreign exchange cash positions -Entities can hedge account more effectively the exposures that give rise to two risk positions (e.g. interest rate risk and foreign exchange risk, or commodity risk and foreign exchange risk) that are managed by separate derivatives over different periods -Less profit or loss volatility when using options, forwards, and foreign currency swaps -New alternatives available for economic hedges of credit risk and 'own use' contracts which will reduce profit or loss volatility.	Annual reporting periods commencing on or after 1 January 2018	The application of IFRS 9 in the future may not have a material impact on amounts reported in Company's financial assets and financial liabilities. The new impairment requirements may not have significant impact on impairment provisions for trade receivables, loans and other financial assets not measured at fair value through profit or loss. However, the company is undetaking a review to assess possible impact of the standard.

Notes To The Financial Statements For The Year Ended 31 December, 2017

IFRS Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
IFRS 16 issued in January 2016	Leases	IFRS 16 provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the identified asset's use and to obtain substantially all the economic benefits from that use. **Accounting by lessees** Upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. After lease commencement, a lessee shall measure the right-of-use asset using a cost model, unless: i) the right-of-use asset is an investment property and the lessee fair values its investment property under IAS 40; or ii) the right-of-use asset relates to a class of PPE to which the lessee applies IAS 16's revaluation model, in which case all right-of-use assets relating to that class of PPE can be revalued. Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate.	Annual reporting periods beginning on or after 1 January 2019	The Company is still reviewing the impact the standard may have on the preparation and presentation of the financial statements when the standard is adopted in 2019.

Notes To The Financial Statements For The Year Ended 31 December, 2017

IFRS Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
		The lease liability is subsequently re-measured to reflect changes in: the lease term (using a revised discount rate); the assessment of a purchase option (using a revised discount rate); the amounts expected to be payable under residual value guarantees (using an unchanged discount rate); or of future lease payments resulting from a change in an index or a rate used to determine those payments (using an unchanged discount rate). The re-measurements are treated as adjustments to the right-of-use asset. **Accounting by lessor** Lessor shall continue to account for leases in line with the provision in IAS 17.		
IFRS 10 and IAS 28	Contribution of Assets between an Investor and its Associate or Joint venture	The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.	yet to be determined	The amendment to the standard will not impact on the Company's financial statements when it becomes effective.

Notes To The Financial Statements For The Year Ended 31 December, 2017

IFRS Reference	Title and Affected Standard(s)	Nature of change	Application date	Impact on initial Application
IFRS 2	Share-based Payment Transactions	The amendments clarify the following: a. In estimating the fair value of a cash-settled sharebased payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled sharebased payments. b. Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been c. A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted i) the original liability is derecognised ; ii) the equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date; and iii) any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.	1 January 2018	The amendment to the standard will not impact on the Company's financial statements when it becomes effective in 2018.

Notes To The Financial Statements For The Year Ended 31 December, 2017

3 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 unless otherwise stated.

3.1 Statement of compliance

The Company's financial statements for the year ended 31 December, 2017 have been prepared in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) that are effective at 31st December, 2017 and requirements of the Companies and Allied Matters Act (CAMA) of Nigeria and Financial Reporting Council (FRC) Act of Nigeria.

The financial statements comprise the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows and the notes.
The financial statements were authorised for issue by the Board of Directors on 15th March, 2018.

3.2 Basis of preparation

The financial statements have been prepared under the historical cost convention except for some financial assets and liabilities measured at fair value and amortised cost; inventory at net realisable value; and the liabilitiy for defined benefit obligations is recognised as the present value of the defined benefit obligation and related current service cost.

3.3 Going concern

The directors assess the Company's future performance and financial position on a going concern basis and have no reason to believe that the Company will not be a going concern in the year ahead. For this reason, the financial statements have been prepared on a going concern basis.

3.4 Functional and presentation currency

The Company's functional and presentation currency is the Nigerian Naira. The financial statements are presented in Nigerian Naira.

3.5 Use of estimates and judgement

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgments. It also requires management to exercise its judgement in the process of applying the company’s accounting policies. 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.

3.6 Basis of measurement

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

Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an

Notes To The Financial Statements For The Year Ended 31 December, 2017

orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Comapny takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this financial statements is determined on such a basis, except for leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

4. Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience as other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assupmtions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

(a) Income and deferred taxation

The Company incurs significant amounts of income taxes payable, and also recognises significant changes to deferred tax assets and deferred tax liabilities, all of which are based on management's interpretations of applicable laws and regulations. The quality of these estimates is highly dependent upon management's ability to properly apply at times a very complex sets of rules, to recognise changes in applicable rules and, in the case of deferred tax assets, management's ability to project future earnings from activities that may apply loss carry forward positions against future income taxes.

(b) Impairment of property, plant and equipment

The Company assesses assets or groups of assets for impairment annually or whenever events or changes in circumstances indicate that carrying amounts of those assets may not be recoverable. In assessing whether a write-down of the carrying amount of a potentially impaired asset is required, the asset's carrying amount is compared to the recoverable amount. Frequently, the recoverable amount of an asset proves to be the Company's estimated value in use.

The estimated future cash flows applied are based on reasonable and supportable assumptions over the remaining useful life of the cash flow generating assets.

(c) Legal proceedings

The Company reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Company's management as to how it will respond to the litigation, claim or assessment.

Notes To The Financial Statements For The Year Ended 31 December, 2017

(d) Trade Receivables

The Company assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial assets.

5. Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

5.1 Foreign currency

In preparing the financial statements of the Company, transactions in currencies other than the entity's presentation currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period , monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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 statement of profit or loss.

5.2 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, Value Added Tax and volume rebates.

a) Sale of goods

Revenue is recognised when persuasive evidence exists that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discount will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Transfer of significant risk and rewards of ownership is believed to be transferred to the buyer at the point of delivery to the buyer.

b) Finance income

Finance income represents interest income received on term deposits with financial institutions and it is recognised by reference to the principal outstanding and at the effective interest rate applicable.

c) Other income

This comprises profit from sale of financial assets, profit from sale of property,plant and equipment, profit from sale of scraps and impairment loss no longer required, insurance claim, deferred revenue, e.t.c.

Notes To The Financial Statements For The Year Ended 31 December, 2017

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. The Company recognised impairment no longer required as other income when the Company received cash on an impaired receivable.

5.3 Expenditure

Expenditures 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 as this provides information that is reliable and more relevant than classification based on their nature.

The Company classifies its expenses as follows:
- Cost of sales;
- Selling and distribution expenses;
- Administration expenses;
- Finance costs.

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) Selling and distribution expenses

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

c) Administrative expenses/expenses analysed by nature

Administrative expenses are recognised as they accrue during the course of the year. Analysis of expenses recognised in the statement of profit or loss and other comprehensive income is presented in classification based on the function of the expenses as this provides information that is reliable and more relevant than classification based on their nature. However, analysis by nature is presented in the notes.

d) Finance expenses

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss where the Company holds such financial assets and impairment losses recognised on financial assets (other than trade receivables) and borrowing cost that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss.

5.4 Taxation

The tax for the period comprises current and deferred tax.

a) Current income tax

The income tax expense for the period comprises current and deferred tax expense. Tax is recognised in the statement of profit or loss and other comprehensive income except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Notes To The Financial Statements For The Year Ended 31 December, 2017

In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the reporting date in Nigeria where the Company operates and generates taxable income.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, but it further excludes items that are never taxable or deductible. The Company is subject to the following types of current income tax:
. Company Income Tax - This relates to tax on revenue and profit generated by the Company during the year, to be taxed under the Companies Income Tax Act, CAP C21, LFN 2004 as amended to date
. Tertiary Education Tax - Tertiary education tax is based on the assessable income of the Company and is governed by the Tertiary Education Trust Fund (Establishment) Act, LFN 2011 (Amended)

b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases used for taxation purposes.

Deferred tax is not recognised for:

. temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

Deferred tax is recognised for using the liability method, which represents taxation at the current rate of corporate tax on all temporary differences between the accounting values and their corresponding tax written down values. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the amount will be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 the income statement, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Notes To The Financial Statements For The Year Ended 31 December, 2017

5.5 Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost and are subsequently carried at cost less accumulated depreciation and impairment losses. The cost of property plant and equipment includes expenditures that are directly attributable to the acquisition of the asset.

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 of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value (except for freehold land and properties under construction). Depreciation is recognized within "Cost of sales" and "Administrative and selling expenses," depending on the utilization of the respective assets on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to write down their depreciable amounts to their residual values over their estimated useful lives, as follows:

Land	Not depreciable
Quary	25 years
Building	40 years
Plant and machinery	3 – 40 years
Furniture and fitting	5 years
Computer equipments	3 years
Office equipments	5 years
Trucks	4 years
Motor vehicles	4 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end. Major overhaul expenditure, including replacement spares and labour costs, is capitalised and depreciated over the average expected life between major overhauls. All other replacement spares and other costs relating to maintenance of plant are charged to profit or loss on consumption or as incurred respectively.

Depreciation begins when an asset is available for use and ceases at the earlier of the date that the asset is derecognised or classified as held for sale in accordance with IFRS 5. A non-current asset or disposal group is not depreciated while it is classified as held for sale."

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other income' in the income statement.

Capital Work-in-Progress

Capital work-in-progress is stated at cost less impairment in value, if any. It consists of expenditure incurred and advances made in respect of tangible assets in the course of their erection, installation and acquisition. These are capitalised to property, plant and equipment

Notes To The Financial Statements For The Year Ended 31 December, 2017

when the specific project is completed. No depreciation is provided until the assets are available for use, as intended by management. Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time (more than 12 months) to get ready for its intended use, form part of the cost of that asset. Other borrowing costs are recognised as an expense.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss component of the statement of profit or loss and other comprehensive income within 'Other income' in the year that the asset is derecognised.

5.6 Impairment of non-financial assets

Non-financial assets other than inventories are reviewed at each reporting date 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 cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which they have separately identifiable cash flows (cash-generating units).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a revaluation increase.

5.7 Intangible assets

The application software deployed by the Company is recognised and measured initially at cost and amortised on a straight-line basis over its estimated useful life.

After initial recognition, it is carried at cost less accumulated amortisation and accumulated impairment losses. The average amortisation period is 5 years. Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

5.8 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.

Notes To The Financial Statements For The Year Ended 31 December, 2017

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.

5.9 Inventories

Inventories are stated at the lower of cost and net realisable value after providing for any obsolescence and damages determined by the management. Costs are those expenses incurred in bringing each product to its present location and condition which are computed as follows:

Raw materials

Actual costs include transportation, handling charges and other related costs that are incurred to bring the materials to the location and condition. This are valued at First-in First-out method.

Work in progress

Include cost of direct materials, direct labour and other direct cost plus attributable overheads based on normal operating capacity. The cost includes direct cost and appropriate overheads and is determined on the first-in first-out method.

Finished goods

Include cost of material, labour, production and attributable overheads based on normal operating capacity and is determined on the first-in first-out method.

Spare parts and consumables

Spare parts which are expected to be fully utilized in production within the next operating cycle and other consumables are valued at weighted average cost after making allowance for obsolete and damaged stocks.

Net realisable value is based on estimated selling price less any further costs expected to be incurred on completion and disposal. Weighted average cost is used to determine the cost of ordinarily interchangeable items.

The company's management determines the estimated amount of slow moving inventories. This estimate is based on the age of items in inventories and this provision is subject to change as a result of technical innovations and the usage of items.

5.10 Financial assets

Financial assets are initially recognised at fair value plus directly attributable transaction costs. Subsequent remeasurement of financial assets is determined by their designation that is revisited at each reporting date.

The classification of financial assets depends on the purpose for which the financial assets were acquired.

Management determines the classification of its financial assets at initial recognition. The company's financial assets comprise of mainly 'loans and receivables'. Loans and receivables are made up of cash and cash equivalents and trade receivables.

Notes To The Financial Statements For The Year Ended 31 December, 2017

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of reporting cash flows, cash and cash equivalents include cash on hand, bank and investments in money market instruments with maturity dates of less than three months and are risk-free net of bank overdraft.
Cash and cash equivalents are carried at amortised cost in the statement of financial position.

(ii) Trade receivables

Trade receivables are amounts due from customers for goods or services rendered in the ordinary course of business. If collection is expected within one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. Discounting is ignored if insignificant. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all the amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that debtor will enter bankruptcy and default or delinquency in payment, are the indicators that a trade receivable is impaired. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within the administrative cost.

The amount of the impairment provision is the difference between the asset's nominal value and the recoverable value, which is the present value of estimated cash flows, discounted at the original effective interest rate.
Changes to this provision are recognised under administrative costs. When a trade receivable is uncollectable, it is written off against the provision for trade receivables.

(iii) Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expires, or when it transfers substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the income statement.

5.11 Prepayments

Prepayments are payments made in advance relating to the following year and are recognised and carried at original amount less amounts utilised in the statement of profit or loss and other comprehensive income.

At each reporting date, the Company assesses whether its financial assets have been impaired. Impairment losses are recognised in the income statement where there is objective evidence of impairment.

5.12 Financial liabilities

Financial liabilities are initially recognised at fair value when the Company becomes a party to the contractual provisions of the liability. Subsequent measurement of financial liabilities is

Notes To The Financial Statements For The Year Ended 31 December, 2017

based on amortized cost using the effective interest method or invoice price where discounting is not significant. The Company's financial liabilities include trade payables and borrowings.

Financial liabilities are presented as if the liability is due to be settled within 12 months after the reporting date, or if they are held for the purpose of being traded. Other financial liabilities which contractually will be settled more than 12 months after the reporting date are classified as non-current.

(i) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(ii) Borrowings

Borrowings are recognised initially at fair value, as the proceeds received, net of any transaction cost incurred.

Borrowings are subsequently recorded at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted in profit or loss using the effective interest method and are added to the carrying amount of the instrument to the extent they are not settled in the period in which they arise.

(iii) De-recognition of financial liabilities

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

(iv) Impairment of financial instruments

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The company first assesses whether objective evidence of impairment exists.

For the loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using an observable market price.

Notes To The Financial Statements For The Year Ended 31 December, 2017

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

5.13 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a 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.

5.14 Employee benefits

The Company operates the following contribution and benefit schemes for its employees:

i) Defined contribution pension scheme

In line with the provisions of the Nigerian Pension Reform Act, 2014, Cement Company of Northern Nigeria Plc has instituted a defined contributory pension scheme for its employees. The scheme is funded by fixed contributions from employees and the Company at the rate of 8% by employees and 11.5% by the Company of basic salary, transport and housing allowances invested outside the Company through Pension Fund Administrators (PFAs) of the employees' choice.

The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employees' service in the current and prior periods.

The matching contributions made by Cement Company of Northern Nigeria Plc to the relevant PFAs are recognised as expenses when the costs become payable in the reporting periods during which employees have rendered services in exchange for those contributions. Liabilities in respect of the defined contribution scheme are charged against the profit or loss of the period in which they become payable.

ii) Gratuity 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 assets held by external entities to fund future benefits payments are valued at fair value at the reporting date. 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.

iii) Short-term benefits

Short term employee benefit obligations which include wages, salaries, bonuses and other

Notes To The Financial Statements For The Year Ended 31 December, 2017

allowances for current employees are measured on an undiscounted basis and recognised and expensed by Cement Company of Northern Nigeria Plc and in the Company's income statement as the employees render such services.

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.

5.15 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation and the amount has been reliably estimated.

Provisions for restructuring costs are recognised when the company has a detailed formal plan for the restructuring that has been communicated to affected parties. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

5.16 Related party transactions

Related parties include the related companies, the directors and any employee who is able to exert significant influence on the operating policies of the company. Key management personnel are also considered related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The Company considers two parties to be related if, directly or indirectly one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions. Where there is a related party transactions with the company, the transactions are disclosed separately as to the type of relationship that exists with the company and the outstanding balances necessary to understand their effects on the financial position and the mode of settlement.

5.17 Contingencies

Contingent liabilities are not recognized in the statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote. A contingent asset is not recognised in the statement of financial position but disclosed when an inflow of economic benefits is probable.

5.18 Share capital, reserves and dividends

(i) Share capital

Share capital represents the nominal value of shares that have been issued. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(ii) Reserves

Reserves include all current and prior period retained earnings, share premium, capital

Notes To The Financial Statements For The Year Ended 31 December, 2017

restructuring 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.

6 Financial risk management

The Company is exposed through its operations to the following financial risks:
- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Other market price risk, and
- Liquidity risk.

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(i) Principal financial instruments

The principal financial instruments used by the Company, from which financial risk arises, are as follows:
- Trade receivables
- Cash and cash equivalents
- Trade and other payables

(ii) Financial instruments by category

Financial assets	31 December 2017 ₦	31 December 2016 ₦
Cash and cash equivalents	3,133,663,791	2,463,485,832
Trade receivables	1,807,056	5,239,879
Due from related companies	890,620,172	973,840,531
Total financial assets	4,026,091,018	3,442,566,242
Financial liabilities	₦	₦
Short term borrowings	355,989,170	268,985,273
Due to related companies	127,526,750	131,406,472
Long term borrowings	414,500,082	848,886,316
Trade payables	1,676,432,193	848,662,293
	2,574,448,195	2,097,940,354

Notes To The Financial Statements For The Year Ended 31 December, 2017

(iii) Financial instruments not measured at fair value

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximate their fair values.

General objectives, policies and processes of risk management

The Executive Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance department. The Board receives periodic reports from the Company's Finance Manager through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Company's Finance Manager also reviews the risk management policies and processes and report their findings to the Board.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from goods sold on credit. It is Company policy to assess the credit risk of new customers before entering contracts.

The Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represents the maximum open amount without requiring approval from the Management.

The Management determines concentrations of credit risk by quarterly monitoring the creditworthiness rating of existing customers and through a monthly review of the trade receivables' ageing analysis. In monitoring the customers' credit risk, customers are grouped according to their credit characteristics. Customers that are graded as "high risk" are placed on a restricted customer list, and future credit goods are sold only with approval of the Management, otherwise payment in advance is required. Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. Banks with good reputation are accepted by the Company for business transactions.

Notes To The Financial Statements For The Year Ended 31 December, 2017

Cash at bank

A significant amount of cash is held with the following institutions:	31 December 2017 ₦	31 December 2016 ₦
First Bank Nigeria Ltd	75,193,122	201,760,175
Keystone Bank Limited	252,061,522	121,387,957
First City Monument Bank Plc	565,462	565,462
Skye Bank Plc	495,384,644	584,630,183
United Bank for Africa Plc	646,607,262	169,020,305
Diamond Bank Plc	10,882,739	120,030,241
Stanbic IBTC Bank Plc	5,985,273	31,152,726
Guaranty Trust Bank Plc	549,101,482	368,473,272
Union Bank of Nigeria Plc	881,637,371	333,962,534
Zenith Bank Plc	216,245,354	532,502,977
	3,133,664,231	**2,463,485,832**

The Management monitors the utilisation of the credit limits regularly and at the reporting date does not expect any losses from non-performance by the counterparties.

Market risk

Market risk arises from the Company's use of interest bearing and tradable financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (Currency risk) or other market factors (other price risk).

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates. Borrowings obtained at variable rates give rise to interest rate risk. The Company's variable interest loans are short term and as such impact on changes will not be significant on the financial statement. The Company's long term borrowings have fixed interest rate.

Foreign exchange risk

Foreign exchange risk arises when the Company enters into transactions denominated in a Currency other than its functional currency and this is very significant considering that the Company has liabilities denominated in foreign currency.

The Company is exposed to foreign exchange risk from its intercompany transactions in foreign currency and from its domiciliary accounts with commercial banks. The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets 2017 ₦	Liabilities 2017 ₦
US dollars ($)	46,236,725	-
Pound Sterling (£)	442	-
Euro	510,510	-

Sensitivity analysis

At 31 December 2017, if the currency had weakened/strengthened by 10% against the US

Notes To The Financial Statements For The Year Ended 31 December, 2017

Dollar, Pound Sterling, and Euro with all other variables held constant, profit after taxation for the year would have been ₦4,684,537 higher/lower, mainly as a result of the foreign exchange gains/losses on translation of US Dollar, Pound Sterling and Euro denominated bank balances.

Liquidity risk

Liquidity risk arises from the Company's management of working capital, the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of at least 60 days.

The liquidity risk of the Company is managed by the Company's Chief Financial Officer (CFO). The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

At 31 December 2017	Up to 3 months ₦	Between 3 and 12 months ₦	Between 1 and 2 years ₦	Between 2 and 5 years ₦	Over 5 years ₦
Trade payables	1,676,432,193	-	-	-	-
Short term borrowings	-	355,989,170	-	-	-
Due to related	-	127,526,750	-	-	-
Long term borrowings	-		414,500,082	-	-
	1,676,432,193	**483,515,920**	**414,500,082**	**-**	-
At 31 December 2016					
Trade payables	848,662,293	-	-	-	-
Short term borrowings	-	268,985,273	-	-	-
Due to related	-	131,406,472	-	-	-
Long term borrowings	-	-	600,000,000	248,886,316	-
	848,662,293	**400,391,745**	**600,000,000**	**248,886,316**	-

Price risk

The company is exposed to financial risks arising from changes in commodity prices. These risks are managed through an established process whereby the various conditions which influenced commodity prices are monitored on a daily basis. Decisions on the procurement of raw materials as well as the utilisation of derivative instruments to hedge against these risks are taken by executive management within board approved mandates.

Capital disclosures

The Company monitors "adjusted capital" which comprises all components of equity (i.e. share capital, and retained earnings, share premium, capital restucturing reserve, reserve on actuarial valuation of defined benefit plan).

Notes To The Financial Statements For The Year Ended 31 December, 2017

The company's objective when maintaining capital are:
- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Company sets the amount of capital it requires in proportion to risk. The Company manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. Consistent with others in the industry, the Company monitors capital on the basis of the debt to adjusted capital ratio. This ratio is calculated as net debt adjusted capital as defined above. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and cash equivalents.

The debt-to-adjusted-capital ratio at 31 December 2017 and 31 December 2016 were as follows:

	31 December 2017 ₦	31 December 2016 ₦
Total debt	10,236,469,739	8,536,950,173
Less: cash and cash equivalents	(3,133,663,791)	(2,463,485,832)
Net debt	7,102,805,948	6,073,464,341
Total equity	14,412,206,190	11,493,271,843
Debt to adjusted capital ratio	0.49:1	0.53:1

7 Revenue	**2017**	**2016**
Revenue - Naira	₦	₦
Sale of cement	**19,588,260,886**	**14,087,553,499**
Further analysis of revenue		
Nigeria	19,433,281,705	13,929,233,133
Outside Nigeria	154,979,181	158,320,366
	19,588,260,886	**14,087,553,499**
a) Revenue- Volume in tons	**Unit**	**Unit**
Company's installed production capacity	500,000	500,000
Production for the year	466,220	486,655
b) Cement deliveries (Tonnes)	**467,707**	**488,495**
c) The average price per ton Cement	₦	₦
	41,966	**28,839**

Included in sale of cement is revenue of approximately N2.6 billion (2016: N2.3 billion) which arose from sales to the Company's single largest customer.

Notes To The Financial Statements For The Year Ended 31 December, 2017

8 Cost of sales

Raw Materials and Consumables	1,610,488,302	2,031,721,826
Energy Cost	6,964,235,794	5,399,897,131
Lubricant	135,502,624	98,720,558
Repairs amd Maintenance	1,003,810,700	722,242,160
Salaries, wages and benefits	1,403,653,091	1,241,987,438
Training cost	12,862,342	10,854,641
Factory Depreciation	633,002,311	516,736,920
Insurance	34,753,378	39,202,616
Other direct expenses	184,742,752	89,905,187
	11,983,051,294	**10,151,268,477**

Included in other direct expenses are rent, printing, stationery, traveling, safety items, contract services (Quarry), quarry fee and royalty.

9 Other income

Insurance claims	47,073,915	3,383,860
Sales of scrap	10,343,134	-
Net reversal impairment	1,015,000	-
Deferred revenue (Note 26)(b))	37,077,058	48,476,899
Realised exchange gain	7,017,975	77,247,886
Profit on disposal of assets	686,480	9,211,000
	103,213,562	**138,319,645**

10 Selling and distribution costs

Distribution Cost	707,331,393	109,805,996
Salaries, wages and benefits	105,263,087	105,345,191
Other Selling and Distribution Costs	70,212,017	152,484,899
	882,806,497	**367,636,086**

Included in other selling and distribution costs are expenses incurred on rent and rates, public relation, printing & stationery, traveling, staff training and advertisements.

Notes To The Financial Statements For The Year Ended 31 December, 2017

11 ADMINISTRATIVE EXPENSES/EXPENSES ANALYSED BY NATURE

	2017 ₦	2016 ₦
Salaries, wages & benefits	760,821,225	631,407,210
Trainings	36,476,325	40,486,264
Repairs and maintenance	97,635,905	65,038,433
Depreciation((Note 15(e))	54,283,792	53,392,666
Impairment of property,plant and equipment	90,474,209	7,852,991
Allowance for impairment on receivables (Note 18(b))	103,055,187	10,617,951
Amortisation	193,416	2,776,734
Technical and management fees ((Note 11(b))	648,280,954	459,055,904
Board and Directors expenses	301,602,241	156,540,602
Legal and consultancy fee	66,358,204	63,950,617
Rent and rates	5,249,220	1,451,363
Audit Fees (Note 11(a))	9,000,000	9,000,000
Telephone, internet and subscription	27,362,300	32,256,906
Postages and stationery	6,736,072	7,893,606
Fuel and electricity	40,518,311	38,348,230
Travelling expenses	29,293,108	34,643,803
AGM expenses	42,086,306	30,721,861
Insurance	43,782,781	38,088,315
Donation	32,205,100	65,050,000
Foreign exchange loss	67,253,831	36,454,867
Bank charges	31,203,117	25,057,434
Fine	-	10,311,283
Other administrative expenses ((Note 11(c))	104,892,942	80,071,499
	2,598,764,546	**1,900,468,539**

a) Audit and non- audit services

		2017 ₦	2016 ₦
i) Audit services-	Audit fees	9,000,000	9,000,000
	Audit expenses	2,181,329	3,120,935
ii) Non-audit services		-	-
		11,181,329	**12,120,935**

b) The Technical and management fee are charged by Damnaz Cement Co. Ltd for management and corporate services to the Company.

c) Included in other administrative expenses are security fee, printing and registration and listing fees.

d) Change in classification

Comparative amount in administrative expenses was reclassified for consistency which resulted in N92.9million being reclassified from other administrative expenses to Board & Directors expenses. Since the amount was reclassified within administrative expenses, it has no effect on the statement of profit or loss and financial position.

12 Finance income and cost

a) Finance income

	2017 ₦	2016 ₦
Interest Income	123,833,925	51,425,933
Interest on defined benefit obligation	(15,631,000)	81,297,000
	108,202,925	**132,722,933**

Notes To The Financial Statements For The Year Ended 31 December, 2017

b) Finance cost

Interest on borrowings	154,841,587	221,092,285
Less amounts included in the cost of qualifying assets	(22,939,792)	(22,391,659)
	131,901,795	198,700,626
Interest on defined benefit obligation	-	-
	131,901,795	**198,700,626**
Net finance cost	(23,698,870)	(65,977,693)

13) Tax expense

	2017	2016
(a) Current tax expense	₦	₦
Company income tax	566,263,072	259,185,793
Education tax	100,907,672	45,680,527
Total current tax expense	667,170,744	304,866,320
Deferred tax expense	312,129,150	181,850,674
Total tax expense	**979,299,894**	**486,716,994**

(b) Income tax expense is the aggregate of the charge to the statement of comprehensive income in respect of current income tax, education tax and deferred tax.

(c) The amount provided as income tax on the profit for the year has been computed on the basis of the income tax rate of 30% in accordance with the Company Income Tax Act, CAP C21 LFN, 2004 (as amended).

(d) Provision for education tax has been computed at the rate of 2% on the assessable profit in accordance with the Education Tax Act CAP E4 LFN, 2004 (as amended).

(e) **Reconciliation of total tax charge**
The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in Nigeria applied to profits for the year are as follows:

	2017	2016
	₦	₦
Profit for the year before tax	4,203,153,241	1,740,522,349
Tax using the Company income tax rate of 30%	1,260,945,972	522,156,705
Effect of expenses that are taxable and non-taxable in determining taxable profit	240,366,737	162,763,611
Education tax at 2% of assessable profit	100,907,672	45,680,527
Utilization of tax credit	(935,049,637)	(425,734,523)
Tax expense recognised in profit or loss	667,170,744	304,866,320
Effective rate (%)	16	18

The tax rate used for 2017 and 2016 reconciliation above is the corporate tax rate of 30% and tertiary education tax rate of 2% payable by corporate entities in Nigeria on taxable profits and assess profit respectively under tax law in the country, for the year ended 31 December 2017.

Notes To The Financial Statements For The Year Ended 31 December, 2017

14 Employee benefits obligation

a) Defined contribution plan

The company operates a defined contribution pension scheme in line with the provisions of the Pension Reform Act, 2004 (as amended), with contributions based on the sum of employees' basic salary, housing and transport allowance in the ratio 8% by the employee and 11.5% by the employer.

	2017 ₦	2016 ₦
Balance at beginning	86,432,897	91,775,253
Charge to profit or loss	173,511,269	144,384,316
Payments during the year	(183,865,236)	(149,726,672)
Balance at the end	76,078,930	86,432,897

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 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 2017, contributions of ₦76,078,930 (2016:N 86,432,897) due in respect of the 2017 reporting period had not been paid on to the plans. The amounts were paid subsequent to the end of the reporting period.

b) Defined benefit plan

The Company also has a retirement benefits policy (unfunded) for all its full-time employees who have served the company for a minimum of 2 years and 5 years for Top Management Staff and Other Staff categories respectively. The company has a post-retirement programme for any employee who has attained the terminal age limit of 55years.

The valuations of the present value of the defined benefit plan were carried out at 31 December 2017 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 Method.

In calculating the liabilities, the method:

i. Recognise the company service rendered by each member of staff at the review date.

ii. Anticipate that salaries will increase between the review date and the eventual exit date of the employee via withdrawal, death or retirement and then;

iii. Discount the expected benefit payment to the review date.

I) Valuation assumptions

The valuation assumptions fall under two broad categories:

- Financial Assumptions
- Demographic Assumptions

i. Financial assumptions

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

Notes To The Financial Statements For The Year Ended 31 December, 2017

Financial Year Ending	2017 %	2016 %
Long Term Average Discount Rate (p.a.)	14	16
Average rate(s) of salary increase (p.a.)	12	12
Average inflation rate (p.a.)	12	12

Discount rate

In order to measure the liability, the projected benefit must be discounted to a net present value as at the current balance sheet date.

IFRS through IAS 19 requires that the discount rate be determined on the company's balance sheet 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. We are adopting FGN Bonds although State Bonds exist with (broadly) higher yields.

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

The weighted average liability duration for the plan is 5.45 years. The average weighted duration of the longest Nigerian Government bond as at 30th December, 2017 was 6.18years with a gross redemption yield of 13.9%.

We are prudently adopting 14% p.a. as the discount rate for the current valuation.

Pay increase

We are assuming on average that salaries will increase by a real 2% p.a.

ii. Demographic Assumptions

Mortality in service

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

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

Withdrawal from Service

Age Band	2016 Rate	2017 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 For The Year Ended 31 December, 2017

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:

	2017 ₦	2016 ₦
Present value of the defined benefit plan	2,211,478,000	1,743,530,000
Fair value of plan assets	(971,529,176)	(730,553,550)
Funded Status	**1,239,948,824**	**1,012,976,450**

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

	2017 ₦	2016 ₦
Balance at beginning of the year	1,743,530,000	1,777,116,000
Current service cost	115,632,000	136,539,000
Interest cost	256,260,000	206,081,000
Acturial (gains)/losses - Change in assumption	157,426,000	(214,274,000)
Acturial (gains)/losses - Experience adjustment	163,124,000	(87,389,000)
Benefit Payment	(224,493,626)	(74,543,000)
Balance at end of the year	**2,211,478,374**	**1,743,530,000**

Reconciliation of Change in the fair value of plan assets are as follows:

	2017 ₦	2016 ₦
Balance at beginning of the year	730,553,550	993,395,000
Contribution by employers	120,000,000	240,000,000
Benefits payment from the fund	-	(541,771,450)
Expected return on plan assets	105,345,000	120,227,000
Actuarial gain/(loss) on plan assets	15,631,000	(81,297,000)
Balance at end of the year	**971,529,550**	**730,553,550**

Amounts recognised in Profit or Loss in respect of these defined benefit plans are as follows:

	2017 ₦	2016 ₦
Current Service Cost (Employee Cost)	115,632,000	136,539,000
Interest on obligation (Finance Cost)	256,260,000	206,081,000
Income on plan assets (Other Income)	(105,345,000)	(120,227,000)
	266,547,000	**222,393,000**

Amounts recognised in Other Comprehensive Income are as follows:

Acturial (gain)/loss on defined benefit plan:		
- Change in Assumption	157,426,000	(214,274,000)
- Change in Experience Adjustment	163,124,000	(87,389,000)
	320,550,000	(301,663,000)
Acturial (gain)/loss on Planned Assets during the year	(15,631,000)	81,297,000
	304,919,000	**(220,366,000)**

Notes To The Financial Statements For The Year Ended 31 December, 2017

	₦	₦
Net(Liability)/Asset recognized in the Statement of Financial Position		
Net (Liability)/Asset recognised in the Statement of Financial Position - Opening	1,012,976,450	783,721,000
Net Periodic Benefit Cost recognised in the Profit or loss	266,547,000	222,393,000
Benefit paid by employer during the year	(224,493,626)	467,228,450
Employer contribution	(120,000,000)	(240,000,000)
Amount recognised in Other Comprehensive Income	304,919,000	(220,366,000)
	1,239,948,824	1,012,976,450

III) Sensitivity analysis on accrued liability

		Accrued liabilities	
		2017	2016
		₦	₦
Sensitivity base	**Parameters**	2,208,515,000	1,743,530,000
Discount rate	+1%	2,119,502,000	1,675,572,000
	-1%	2,305,897,000	1,817,302,000
Salary increase	+1%	2,316,829,000	1,827,148,000
	-1%	2,107,976,000	1,665,436,000
Mortality experience	Age rated up by 1year	2,208,567,000	1,740,183,000
	Age rated down by 1year	2,208,467,000	1,746,885,000

Notes To The Financial Statements For The Year Ended 31 December, 2017

15 PROPERTY, PLANT AND EQUIPMENTS

	LAND ₦	QUARRY ₦	BUILDING ₦	PLANT AND MACHINERY ₦	FURNITURE AND FITTINGS ₦	COMPUTER EQUIPMENT ₦	OFFICE EQUIPMENTS ₦	MOTOR VEHICLE ₦	TRUCKS ₦	CAPITAL WORK IN PROGRESS ₦	TOTAL ₦
COST											
Balance at 1 January 2017	55,330,066	377,357,471	643,430,143	10,390,304,956	163,385,852	79,978,501	593,338,929	221,086,618	-	2,725,963,031	15,250,175,567
Addition	-	800,000	2,302,596	1,001,582,734	1,597,350	2,377,750	2,072,250	19,440,000	750,000,000	793,381,188	2,573,553,868
Reclassification	-	-	212,772,340	(179,329,616)	30,810,030	-	(30,810,030)	-	-	(33,442,724)	-
Disposals	-	-	-	-	(212,500)	-	-	(16,466,500)	-	-	(16,679,000)
Impairment	-	-	(21,572,326)	(213,047,053)	-	-	-	(9,649,800)	-	-	(244,269,179)
Balance at 31 December 2017	**55,330,066**	**378,157,471**	**836,932,753**	**10,999,511,021**	**195,580,732**	**82,356,251**	**564,601,149**	**214,410,318**	**750,000,000**	**3,485,901,495**	**17,562,781,257**
Balance at 1 January 2016	55,330,066	377,357,471	637,608,549	9,975,214,530	158,455,029	74,921,951	549,803,881	222,452,813	-	2,245,263,369	14,296,407,659
Addition	-	-	5,821,594	427,547,120	5,952,823	5,056,550	43,874,548	22,171,905	-	480,699,662	991,124,202
Disposals	-	-	-	(2,956,694)	(1,022,000)	-	(339,500)	(23,538,100)	-	-	(27,856,294)
Impairment	-	-	-	(9,500,000)	-	-	-	-	-	-	(9,500,000)
Balance at 31 December 2016	**55,330,066**	**377,357,471**	**643,430,143**	**10,390,304,956**	**163,385,852**	**79,978,501**	**593,338,929**	**221,086,618**	**-**	**2,725,963,031**	**15,250,175,567**
DEPRECIATION	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦	₦
Balance at 1 January 2017	-	30,078,958	190,065,583	3,865,144,861	156,041,334	70,138,135	260,247,618	148,049,255	-	-	4,719,765,745
Charge for the period	-	9,393,928	18,149,386	597,786,847	2,856,755	6,363,331	25,311,508	27,424,348	-	-	687,286,102
Reclassification	-	-	-	-	28,185,227	-	(28,185,227)	-	-	-	-
Disposals	-	-	-	-	(212,460)	-	-	(14,849,421)	-	-	(15,061,881)
Impairments	-	-	-	(147,476,308)	-	-	-	(6,318,661)	-	-	(153,794,969)
Balance at 31 December 2017	**-**	**39,472,886**	**208,214,969**	**4,315,455,400**	**186,870,856**	**76,501,466**	**257,373,899**	**154,305,520**	**-**	**-**	**5,238,194,996**
Balance at 1 January 2016	-	20,693,362	174,008,329	3,380,657,755	155,598,223	65,306,175	238,837,261	142,319,201	-	-	4,177,420,306
Charge for the period	-	9,385,596	16,057,254	489,090,810	1,464,861	4,831,960	21,696,388	27,602,716	-	-	570,129,586
Disposals	-	-	-	(2,956,694)	(1,021,750)		(286,031)	(21,872,663)	-	-	(26,137,138)
Impairments	-	-	-	(1,647,009)	-		-	-	-	-	(1,647,009)
Balance at 31 December 2016	**-**	**30,078,958**	**190,065,583**	**3,865,144,861**	**156,041,334**	**70,138,135**	**260,247,618**	**148,049,255**	**-**	**-**	**4,719,765,745**
CARRYING AMOUNT											
Balance at 31 December 2017	**55,330,066**	**338,684,585**	**628,717,784**	**6,684,055,621**	**8,709,876**	**5,854,785**	**307,227,250**	**60,104,798**	**750,000,000**	**3,485,901,495**	**12,324,586,260**
Balance at 31 December 2016	**55,330,066**	**347,278,513**	**453,364,560**	**6,525,160,094**	**7,344,518**	**9,840,366**	**333,091,311**	**73,037,363**	**-**	**2,725,963,031**	**10,530,409,822**

a) **Assets Pledged as Security**

All borrowings are secured by a debenture on all the fixed and floating assets of the company (See note 25 for further explanation).

b) **Capital Work in Progress**

Capital work-in-progress represents assets under construction which are not subject to depreciation. These assets, after completion of construction will be reclassified to the appropriate class of property, plant and equipment.

C) **Reclassification**

This represents transfer between various classes of assets.

d) **Impairment losses recognised in the year**

This represents impairment on damaged Motor Vehicles, Clinker Shade, Dump Truck, Plant and Machinery. The impairment losses were charged to profit or loss during the year.

e) **Depreciation for the year**

The depreciation charged for the year is apportioned as follows:

	₦	₦
Cost of sales	633,002,311	516,736,920
Administrative expenses	54,283,792	53,392,666
	687,286,103	**570,129,586**

Notes To The Financial Statements For The Year Ended 31 December, 2017

16 Intangible assets

Software license

Cost	**₦**
Balance at 1 January 2017	**8,996,654**
Addition	
Balance at 31 December 2017	**8,996,654**
Balance at 1 January 2016	8,996,654
Addition	-
Balance at 31 December 2016	**8,996,654**
Amortisation	**₦**
Balance at 1 January 2017	8,222,989
Amortisation	193,416
Balance at 31 December 2017	**8,416,405**
Balance at 1 January 2016	5,446,255
Amortisation	2,776,734
Balance at 31 December 2016	**8,222,989**
Carrying amount	
Balance at 31 December 2017	**580,249**
Balance at 31 December 2016	**773,665**

Software license

The software license relates to cost of license on software used by the company which is for the period of 5years. Software license is shown at amortised cost.

Apart from the computer software, the Company has no other intangible assets.

The licences have been acquired with the option to renew at the end of the period.
This has allowed the company to determine that these assets have definite useful lives.

Impairment of intangible assets

There are no indicators of impairment at the end of the reporting period. Thus, the directors are of the opinion that the allowance for impairment is not required. Hence, no impairment is recognise during the year.

Notes To The Financial Statements For The Year Ended 31 December, 2017

17 Inventories

	2017	2016
	₦	₦
Finished goods	66,213,805	27,536,957
Raw materials and consumables	1,085,380,956	771,317,054
Spare parts	2,593,216,541	2,500,202,400
Production work-in-progress	2,222,543,400	1,929,054,295
Goods-in-transit (Note (17(e))	548,480,097	17,815,265
	6,515,834,799	**5,245,925,971**

a) The carrying amount of the inventories is the lower of their costs and net realisable values as at the reporting dates.

b) The cost of inventories recognised as an expense during the year was N8.7billion (2016: N7.5billion).

c) None of the inventories was written down during the year.

d) As at 31st December 2017, none of the inventories of the company was pledged as security for loans.

e) Goods-in-transit represents cost of materials and consumables yet to be received.

18 Trade and other receivables

	₦	₦
Trade receivables	9,051,628	13,297,900
Allowance for impairment of trade receivables (Note 18(b) (i))	(7,244,573)	(8,058,021)
Total financial assets other than cash and cash equivalents classified as loans and receivables	**1,807,056**	**5,239,879**
Prepayments (Note 18(c))	13,912,366	36,721,217
Due from related companies(Note 18(d))	890,620,172	973,840,531
Advances to suppliers (Note 18(e))	1,258,617,905	121,530,548
Advances to staff	23,787,833	37,564,080
Other receivables (Note 18(f))	17,198,998	124,532,031
Deposit for assets	468,066,500	490,198,440
Total trade and other receivables	**2,674,010,830**	**1,789,626,726**

a Trade Receivables

The carrying value of trade and other receivables classified as trade receivables approximates fair value. Trade receivables are non-interest bearing and are generally on 30 days terms. Trade receivables are reported net of allowance for impairment.

The Company does not hold any collateral as security for its trade and other receivables.

The age analysis of trade receivables is as follows:

	₦	₦
< 30 days	-	-
30-180 days	1,807,055	5,239,879
180 days and above	7,244,573	8,058,021
	9,051,628	**13,297,900**

Notes To The Financial Statements For The Year Ended 31 December, 2017

The Company predominantly transacts its business on cash and carry basis with the exception of four corporate clients in the construction industry who have corporate guaranteed bonds in place with a spelt out and agreed credit terms.

The company determines its recoverability of trade receivable after considering any changes in the credit quality of the trade receivables from the date credit is granted up to the end of the reporting period.

		2017	2016
b)	**Allowance for impairment**	₦	₦
	Movement in the Impairment allowance on Trade and Other Receivable are as follows:		
	Balance at beginning of the year	121,471,000	110,853,049
	Impairment allowance	103,055,187	10,617,951
	Reversal of Allowance	(1,015,000)	-
	Written Off	-	-
	Balance at end of the year	**223,511,187**	**121,471,000**
i)	**Allowance for impairment is further analysed below:**		
	On trade receivables	7,244,573	8,058,021
	Advance to suppliers	108,021,404	102,795,028
	Related companies	10,617,951	10,617,951
	Other receivables	97,627,260	-
		223,511,188	**121,471,000**
c)	**Prepayments**		
	Prepayments represent internet subscriptions and rent		
d)	**Due from related companies**		
	Edo Cement Company Limited	10,617,951	10,617,951
	NOM (UK) Limited	308,504,705	69,655,871
	BUA International Limited	582,115,467	904,184,660
		901,238,123	984,458,482
	Allowance for impairment for amount due from related Company (Note 18 (b)(i))	(10,617,951)	(10,617,951)
		890,620,172	**973,840,531**
e)	**Advances to suppliers**		
	Cash with suppliers	1,366,639,309	224,325,576
	Allowance for impairment of advance to suppliers (Note 18 (b)(i))	(108,021,404)	(102,795,028)
		1,258,617,905	**121,530,548**
f)	**Other receivables**		
	Right issue costs	85,563,792	85,563,792
	Nigeria Export Promotion Council	12,063,468	12,063,468
	Insurance Claim	3,167,484	-
	Negotiable Duty Certificate	14,023,000	14,023,000
	Value Added Tax receivable	8,514	12,881,771
	Allowance for impairment (Note 18 (b)(i))	(97,627,260)	-
		17,198,998	**124,532,031**

Notes To The Financial Statements For The Year Ended 31 December, 2017

19 Cash and cash equivalents

Cash and cash equivalents for purposes of the statement of cash flows comprises:

	2017 ₦	2016 ₦
Bank	2,847,560,266	2,280,495,679
Short term deposit (Note 19 (a))	286,103,525	182,990,153
	3,133,663,791	**2,463,485,832**

a) Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

b) The Company has not pledged part of its short-term deposits in order to fulfil collateral requirements with any banks. Cash and bank equivalent is exclusive of overdraft balance.

20 Share capital

Authorised:	**Unit**	**Unit**
Ordinary shares of 50k each	**6,536,711,080**	**6,536,711,080**
Issued and fully paid		
Ordinary shares of 50k each	**1,256,677,766**	**1,256,677,766**

Authorised:	**₦**	**₦**
Ordinary shares of 50k each	**3,268,355,540**	**3,268,355,540**
Issued and fully paid		
Ordinary shares of 50k each	**628,338,885**	**628,338,885**

21 Share premium

Balance at the beginning and at the end of the year	**3,513,606,409**	**3,513,606,409**

22 Other reserves

(a) Capital restructuring reserve

Balance at the beginning and at the of the year	**120,932,727**	**120,932,727**

Capital restructuring reserves was created as a result of the partial privatisation of the company in 1992 which gave rise to accrued benefits from the Loan restructuring of the Federal Government Loan.

Notes To The Financial Statements For The Year Ended 31 December, 2017

(b) Reserve on actuarial valuation of defined benefit plan

	2017 ₦	2016 ₦
Balance at the beginning of the year	280,557,000	60,191,000
Actuarial gain/(loss) on defined benefit plan	(320,550,000)	301,663,000
Actuarial gain/(loss) on planned assets during the year	15,631,000	(81,297,000)
Balance at the end of the year	**(24,362,000)**	**280,557,000**

The employee benefit reserve arises on the re-measurement of the defined benefit plan. Items of the other comprehensive income included in the employee benefit reserve will not be reclassified subsequently to profit or loss.

23 Retained earnings

Balance at the beginning of the year	6,949,836,822	5,821,699,224
Profit for the year	3,223,853,347	1,253,805,355
Dividend paid (Note 35)	-	(125,667,757)
Balance at the end of the year	**10,173,690,169**	**6,949,836,822**

24 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 30% (2016: 30%). The movement on the deferred tax account is as shown below:

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting period:

Balance, beginning of year	1,044,302,934	862,452,260
provision for the year	312,129,150	181,850,674
Balance, end of year	**1,356,432,084**	**1,044,302,934**

Deferred tax assets have been recognized in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the directors believe it is probable that these assets will be recovered.

Analysis of deferred tax

As per statement of financial position:		-
Property, plant and equipments	1,825,849,120	1,431,533,394
Intangible assets	174,075	-
Trade and other receivables	(67,053,356)	(36,441,300)
Employee benefit scheme	(371,984,647)	(303,892,935)
Deferred revenue	(22,259,376)	(33,382,493)
Provisions	(8,293,732)	(13,513,732)
	1,356,432,084	**1,044,302,934**

As per profit or loss and other comprehensive income:		
Property, plant and equipments	394,315,726	251,468,660
Intangible assets	174,075	(553,610)
Trade and other receivables	(30,612,056)	(1,685,386)
Employee benefit scheme	(68,091,712)	(68,776,635)
Deferred revenue	11,123,118	(5,714,788)
Provisions	5,220,000	7,112,433
	312,129,150	**181,850,674**

Notes To The Financial Statements For The Year Ended 31 December, 2017

25 Borrowings

	2017 ₦	2016 ₦
Long term borrowings		
Bank of Industry - Term loan (Note 25 (d))	414,500,082	848,886,316
Short term borrowings		
Skye Bank Plc - Term Loan (Note 25(c))	48,889,970	121,985,273
Bank of Industry - Term Loan (Note 25 (d))	307,099,200	147,000,000
Total Current Borrowings	355,989,170	268,985,273
Total borrowings	770,489,252	1,117,871,589

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

	Average Interest Rate	Maturity	₦	₦
Skye Bank Plc - Term loan	16%	2nd July 2018	48,889,970	121,985,273
Bank of Industry - Term loan	10%	31 March 2020	721,599,282	995,886,316
			770,489,252	1,117,871,589

b) Movement in borrowings are analysed as follows excluding overdraft:

	₦
Year ended 31 December 2017	
Balance as at 1 January 2017	1,117,871,589
Additional borrowings	-
Repayments of borrowings	(384,459,396)
Movement in deferred revenue	37,077,059
Balance as at 31 December 2017	**770,489,252**
Year ended 31 December 2016	
Balance as at 1 January 2016	1,371,743,396
Additional borrowings	-
Repayments of borrowings	(234,822,512)
Movement in deferred revenue	(19,049,295)
Balance as at 31 December 2016	**1,117,871,589**

The maturity profile of borrowings is analysed below:

Due in the next one year	355,989,170	268,985,273
Due in the second year and above	414,500,082	848,886,316
	770,489,252	1,117,871,589

c) **Skye Bank Plc loan**

i) **Term loan**

The facility was sourced to finance acquisition of Property, Plant & Equipment and this is secured against fixed and floating assets debenture of the company. Skye Bank Plc has the first charge on the company asset debenture.

Notes To The Financial Statements For The Year Ended 31 December, 2017

d) Bank of Industry (BOI) - Term loan

The facility was obtained to finance Generating Set for the plant and Komatsu Dump Trucks. The loan is guaranteed by Skye Bank Plc. The loan was obtained at 10% interest rate. Given the concessionary terms at which the company secured the loan, it is considered to have an element of government grant. The prevailing market interest rates for an equivalent loan is 16%. The fair value of the loan is estimated at N1.2billion. The difference of N179.8million is between gross proceeds of the loan and the fair value of the loan is the benefit derived from the below market rate loan. The difference is recognized as deferred revenue (see note 26).

26 Deferred revenue

a Deferred revenue arising from Government grant

	2017	2016
	₦	₦
Current	42,209,820	27,518,101
Non-current	31,988,099	83,756,877
	74,197,919	111,274,978

The deferred revenue arose as a result of the benefit received from government loans (Bank of Industry) granted in year 2014 on which the repayment commenced in 2015. The revenue has been recognized in other income. Deferred revenue is treated as a line item in the statement of financial position.

b Movement in deferred revenue is analysed below:

	2017	2016
	₦	₦
Balance as at 1 January	111,274,978	92,225,683
Total deferred revenue arising from government grant	-	67,526,194
Amount unwind to other income	(37,077,058)	(48,476,899)
Balance as at 31 December	74,197,919	111,274,978

27 Trade and other payables

	2017	2016
Trade payables	1,676,432,193	848,662,293
Other payables (Note 27 (a))	4,424,152,951	4,051,949,837
	6,100,585,144	**4,900,612,130**

a) Other payables

	2017	2016
Advance from customers	2,483,628,527	2,605,149,988
Unclaimed dividend (Note 27(a)(i))	253,266,428	170,650,831
Salaries and wages payable	29,825,254	696,375
Accruals (Note 27(a)(ii))	590,737,047	441,283,706
Due to related parties (Note 27 (b))	127,526,750	131,406,472
Provision for Directors Terminal Benefits	183,235,710	107,835,210
Other payables – tax and social security payments(Note 27 (a)(iii))	755,933,235	594,927,255
	4,424,152,951	**4,051,949,837**

i) Unclaimed Dividend

	2017	2016
Balance as at 1 January	170,650,831	70,794,934
Refund from Company's Registrar	82,615,597	99,855,897
Balance as at 31 December	**253,266,428**	**170,650,831**

Notes To The Financial Statements For The Year Ended 31 December, 2017

	2017	2016
ii) Accruals		
	₦	₦
Audit fee payable	9,000,000	9,000,000
Accrued expenses	544,752,103	430,126,503
Others	36,984,944	2,157,203
	590,737,047	**441,283,706**
iii) Other payables – tax and social security payments		
Withholding tax payables	354,229,873	273,333,668
Value added tax payable	275,122,186	162,269,430
Pay As You Earn	33,495,060	54,158,467
Industrial Trainning Fund	17,007,186	18,732,793
Pension	76,078,930	86,432,897
	755,933,235	**594,927,255**
b) Due to related parties		
Damnaz Cement Company Limited	**127,526,750**	**131,406,472**
Further disclosure in (Note 31)		
28 Income tax payable		
Tax as per statement of financial position		
Balance at the beginning of the year		
Income tax	259,185,793	194,531,516
Education tax	45,680,527	41,632,713
	304,866,320	236,164,229
Provision for the year		
Income tax	566,263,072	259,185,793
Education tax	100,907,672	45,680,527
	972,037,064	541,030,549
Less: Payments during the year		
Income tax	(259,185,793)	(194,531,516)
Education tax	(45,680,527)	(41,632,713)
Balance at the end of the year	**667,170,744**	**304,866,320**
29 Provisions		
(Recultivation)		
Balance as at 1 January	45,045,772	68,753,885
Additional provisions made	9,600,000	9,600,000
Amounts used during the year	(27,000,000)	(33,308,113)
Balance as at 31 December	**27,645,772**	**45,045,772**

Recultivation provisions relates to expected cost of reclaiming excavated quarry sites (mines) into a habitable settlement for farming and local villagers settlement. It also include provision for other environmental issues. The expenditure is expected to be utilised at the end of the useful lives of the mines which is estimated to be between the years 2035 to 2040.

Notes To The Financial Statements For The Year Ended 31 December, 2017

30 Contigent liabilities, guarantees and financial commitments

a) Contingent liabilities

The company has been defending various litigations since 2005 which have been in the law court. The Company has disclaimed liability. No provision in relation to this claim has been recognised in this financial statements as, legal advice indicates that it is not probable that a significant liability will arise from the legal suits. The following are the current legal suits pending in the law court:

i) Suit filed by Garvey Emeka Okongwu against CCNN Plc.

The claim was as a result of consultancy services rendered by the firm of Emeka Okogwu and Co.

ii) Suit filed by CCNN Plc against Abdullahi Abubakar & 405 Others.

The claim relates to arrears of cement allocations by erstwhile employees of the Company.

b) Guarantees

The Company did not charge any of its assets to secure liabilities of third parties.

C) Financial Commitments

As at reporting date, there are no financial commitments made by the Company.

i) Operating lease commitments

The Company leases various retail outlets, offices and warehouses under noncancellable operating lease agreements. The lease terms are between 1 and 2 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2017	2016
	₦	₦
Not later than 1 year	24,332,749	2,305,823

31 Related party transactions

(a) Related parties include the Board of Directors, the Managing Director and their close family members and companies which are controlled by these individuals. Related parties also include Edo Cement Company Limited, BUA International Limited and NOM (UK) Limited.

(i) Damnaz Cement Nig. Ltd

Damnaz Cement Company Limited is a wholly - owned subsidiary of BUA International Limited through which BUA International Limited's investment of 50.72% in Cement Company of Northern Nigeria Plc is held. The company entered into various transactions with the related party, ranging from provision of technical services and know how, to expenses incurred by the related company on behalf of Cement Company of Northern Nigeria Plc. The outstanding amount is from the various transactions entered with the related party.

Notes To The Financial Statements For The Year Ended 31 December, 2017

(ii) Edo Cement Company Ltd

This is part of the BUA Group. A subsidiary wholly owned by BUA, Damnaz Cement Company Limited, owns 87% of the shares in this company. The company entered into various transactions with the related party, ranging from support services to expenses incurred by the related company on behalf of Cement Company of Northern Nigeria Plc. The oustanding amount is from the various transactions entered with the related party.

(iii) BUA International Ltd

This is the parent company of Damnaz Cement Nigeria Limited - (100% wholly owned), through which 50.72% of shares in Cement Company of Northern Nigeria Plc is held. Transactions with BUA International Limited during the year are stated in note 31 "b" and "c" .

(iv) NOM (UK) Ltd

This is a 100% owned subsidiary of BUA international. The company entered into various transactions with the related party, ranging from supplies of foreign spare parts to expenses incurred by the related company on behalf of Cement Company of Northern Nigeria Plc. The oustanding amount is from the various transactions entered with the related party.

(b) During the year, the Company made transactions to/from its related companies. The amount of outstanding balances at the year end are as follows:

	2017	2016
Due from related entities	**₦**	**₦**
***Loan to related entities:**		
BUA International Ltd	582,115,467	904,184,660
NOM (UK) Ltd	308,504,705	69,655,871
	890,620,172	**973,840,531**
Due to related entities		
Damnaz Cement Company Ltd	**127,526,750**	**131,406,472**

*Loan to related entities represents advance payment for the procurement of LPFO and spare parts.

(C) Terms and conditions of transactions with related parties

* Damnaz Cement Company Ltd provides technical support and management services to the company.

* They are entitled to 2.83% of net sales. The amount is payable quarterly. A total sum of N852,065,118 (other taxes inclusive) has been included in the profit or loss for the year (2016 - N366,062,865) as Technical Service Agreement fees.

* They are also paid management service agreement fees in total sum of N66,215,836 (2016 - N44,044,252).

Notes To The Financial Statements For The Year Ended 31 December, 2017

* Damnaz Cement Company Ltd and BUA International Ltd were not paid dividend during the year(2016: N66.2million).
* The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free.

For the year ended 31 December 2017, the Company recorded an impairment of receivables of Nil owed by a related party (2016: N10,617,951). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates.

(d) Key management personnel

Key management personnel includes: members of the CCNN board of directors and CCNN Top executive management committee. Non-Executive directors are included in the definition of key management personnel as required by IAS 24 Related Party Disclosure. The definition of key management includes the close members of family of key management personnel and any entity over which key management exercise control, joint control or significant influence. Close members of family are those family members who may be expected to influence, or be influenced by that person in their dealings with the company. They include the person's domestic partner and children, the children of the person's domestic partner, and dependents of the person or the person's domestic partner.

Below are salaries and Benefits of Top Management Personnel:

	2017 ₦	2016 ₦
Salaries and short term benefits	112,707,593	93,038,322
Post-employment benefits, pension and medical benefits	63,348,230	36,865,284
	176,055,823	**129,903,606**

32 Basic earnings per share

Profit for the year	3,223,853,347	1,253,805,355
Number of shares	1,256,677,766	1,256,677,766
Earnings per share (kobo)	**257**	**100**

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

	₦	₦
Weighted number of ordinary shares for the purposes of diluted Earning per share	1,256,677,766	1,256,677,766
Diluted earnings per share	**257**	**100**

33 Subsequent events

On 15th March, 2018 a dividend of N1.25k per share was proposed by the directors for approval at the Annual General Meeting. This will result in a dividend payment of N1,570,847,208.

Notes To The Financial Statements For The Year Ended 31 December, 2017

34 Reconciliation of movements of liabilities to cashflows arising from financing activities

	Borrowings 2017 ₦
Opening balance	1,117,871,589
Changes from financing cashflows	
Repayment of borrowings	(384,459,396)
Non-cash changes	
Deferred revenue	37,077,059
Other changes	
Interest expense	131,901,795
Interest expense capitalised	22,939,792
Interest paid	(154,841,587)
	-
Closing balance	**770,489,252**

35 Dividend paid and proposed

Declared and paid during the year:	2017 ₦	2016 ₦
Dividends on ordinary shares	-	125,667,777
Proposed for approval at the annual general meeting (not recognised as a liability as at 31 December):		
Dividends on ordinary shares for 2017: N1.25k (2016: Nil)	1,570,847,208	-
Dividend per share (Kobo)	125	-

36 Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 15th March, 2018.

Other National Disclosure Statement Of Value Added For The Year Ended 31 December, 2017

	2017		2016	
	₦	%	₦	%
Revenue	19,588,260,886		14,087,553,499	
Other operating income	103,213,562		138,319,645	
	19,691,474,448		14,225,873,144	
Less: Bought-in-materials and services	(12,423,094,777)		(9,803,758,437)	
Value Added	7,268,379,671	100	4,422,114,707	100
Value Added as % of Revenue	37%		31%	
Applied as follows:				
To pay employees' salaries, wages and fringe benefits	2,269,737,403	31	1,978,739,839	45
To pay providers of funds:				
Finance expenses	108,202,925	1	132,722,933	3
Dividend	1,570,847,208	22	-	-
To provide for maintenance of assets	687,286,103	9	570,129,586	13
To pay taxes to government	979,299,894	13	486,716,994	11
Retained for the year	1,653,006,139	23	1,253,805,355	28
	7,268,379,671	100	4,422,114,707	100

Value Added represents the additional wealth created through the effort of the company and its employees. The Statement shows the allocation of that wealth to employees, providers of fund, shareholders, government and the amount retained for the future creation of wealth.

Other National Disclosure
Five Year Financial Summary
For The Year Ended 31 December, 2017

	2017 ₦	2016 ₦	2015 ₦	2014 ₦	2013 ₦
STATEMENT OF FINANCIAL POSITION					
Assets					
Non-current assets	12,325,166,509	10,531,183,487	10,122,537,751	8,374,056,608	7,099,669,106
Current assets	12,323,509,420	9,499,038,529	7,024,345,407	7,405,955,548	7,958,806,666
Total assets	**24,648,675,929**	**20,030,222,016**	**17,146,883,158**	**15,780,012,156**	**15,058,475,772**
Liabilities					
Non-current liabilities	3,070,514,861	3,034,968,349	2,856,791,615	2,838,198,482	2,671,913,172
Current liabilities	7,165,954,878	5,501,981,824	4,145,323,298	3,496,155,259	4,101,943,600
Total liabilities	10,236,469,739	8,536,950,173	7,002,114,913	6,334,353,741	6,773,856,772
Net assets	**14,412,206,190**	**11,493,271,843**	**10,144,768,245**	**9,445,658,415**	**8,284,619,000**
Equity					
Sharecapital	628,338,885	628,338,885	628,338,885	628,338,885	628,338,885
Retained earnings	10,173,690,169	6,949,836,822	5,821,699,224	3,634,539,136	3,634,539,136
Other reserves	3,610,177,136	3,915,096,136	3,694,730,136	5,182,780,394	4,021,740,979
Total equity	**14,412,206,190**	**11,493,271,843**	**10,144,768,245**	**9,445,658,415**	**8,284,619,000**
INCOME STATEMENT					
Revenue	19,588,260,886	14,087,553,499	13,037,847,294	15,119,050,874	15,311,033,677
Profit before inome taxes	4,203,153,241	1,740,522,349	1,549,596,856	2,476,771,561	2,105,835,392
Profit after income taxes	3,223,853,347	1,253,805,355	1,201,108,049	1,918,361,854	1,559,030,547
Per Share Data (50 kobo)					
Earnings - Basic	257	100	96	153	124
Earnings - Diluted	257	100	96	153	124
Dividend	125	-	10	35	70
Net assets	11	915	807	752	659
Dividend cover (times)	2.1	-	9.6	4.4	1.8
Cement deliveries (tonnes)	**467,707**	**488,495**	**404,377**	**472,329**	**498,089**
Cement production (tonnes)	**466,220**	**485,799**	**395,438**	**468,662**	**500,561**

Note:

a) Earnings per share are based on profit after taxation and the number of issued and fully paid ordinary shares at the end of each financial year.

b) Net assets per share are based on net assets and the number of issued and fully paid ordinary shares at the end of each financial year.

c) Dividend per share are based on dividend proposed and the number of issued and fully paid ordinary shares at the end of each financial year.

Incorporation & Share Capital History

Cement Company of Northern Nigeria Plc was incorporated in Nigeria on 22nd August 1962 with an authorised share capital of ₦3,200,000.00 divided into 6,400,000 ordinary shares of 50 kobo each. The Company was listed on The Nigerian Stock Exchange on 04 October 1993. The Company's authorised share capital currently stands at ₦3,268,355,540 comprising 6,536,711,080 ordinary shares of 50 kobo each, of which 1,256,677,770 ordinary shares have been issued and fully paid.

The following changes have taken place in the Company's authorised and issued capital since incorporation:

Year	Authorised (₦)		Issued and Fully Paid-up (₦)		Consideration
	Increase	Cumulative	Increase	Cumulative	
1962	3,200,000	3,200,000	3,200,000	3,200,000	Cash
1964	16,800,000	20,000,000	16,800,000	20,000,000	Cash
1984	3,600,000	23,600,000	3,600,000	23,600,000	Cash
1991	96,400,000	120,000,000	96,400,000	120,000,000	Cash
1995	80,000,000	200,000,000	30,000,000	150,000,000	Bonus (1 for 4)
1996	0	200,000,000	30,000,000	180,000,000	Loan Conversion
1998	50,000,000	250,000,000	0	180,000,000	
2000	0	250,000,000	13,644,676	193,644,676	Debenture Conversion
2000	125,000,000	375,000,000	0	193,644,676	
2001	0	375,000,000	174,280,209	367,924,885	Rights Issue
2002	130,000,000	505,000,000	0	367,924,885	
2003	0	505,000,000	117,826,106	485,750,991	Loan Conversion
2004	0	505,000,000	73,270	485,824,261	Loan Conversion
2005	50,000,000	555,000,000	48,582,426	534,406,687	Bonus (1 for 10)
2005	0	555,000,000	7,264,764	541,671,451	Loan Conversion
2006	200,000,000	755,000,000	0	541,671,451	
2007	0	755,000,000	86,667,432	628,338,885	Rights Issue
2012	2,513,355,540	3,268,355,540	0	628,338,885	

Corporate Social Responsibility In Pictures

Hon. Commissioner of Health Sokoto State, Dr. Kakale Shuni, receiving drugs donated by the Company to six clinics in Wamakko Local Government, Sokoto State.

Donation of school uniforms and materials by the Company to Sabon Garin Alu Primary School.

Corporate Social Responsibility In Pictures

Donation of school uniforms and materials by the Company to Sabon Garin Alu Primary School.

Donation of school uniforms and materials by the Company to Sabon Garin Alu Primary School.

Africa Prudential

Affix
Current
Passport

Write your name at the back of your passport photograph

(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: D D M M Y Y Y Y

SHAREHOLDER ACCOUNT INFORMATION

Surname/Companys Name | First Name | Other Name

Address

City | State | Country

Previous Address (if any)

Clearing House Number (CHN) (if any): C | Name of Stockbroking Firm

Mobile Telephone 1 | Mobile Telephone 2

E-mail Address

Signature: ______________ Signature: ______________
Joint/Companys Signatories

Company Seal*(if applicable)*

DISCLAIMER
"In no event shall Africa Prudential Plc be liable for any damages , losses or liabilities including without limitation, direct or indirect, special, incidental, consequential damages, losses or liabilities, in connection with your use of this form or your inability to use the information, materials, or in connection with any failure, error, omission, defect, delay in operation or transmission, or system failure, even if you advice us of the possibility of such damages, losses of expenses, whether express or implied in respect of such information."

Please tick against the company(ies) where you have shareholdings

CLIENTELE	A/C No
1. AFRICA PRUDENTIAL PLC	
2. ABBEY MORTGAGE BANK PLC	
3. AFRILAND PROPERTIES PLC	
4. ALUMACO PLC	
5. A & G INSURANCE PLC	
6. A.R.M LIFE PLC	
7. ADAMAWA STATE GOVERNMENT BOND	
8. BECO PETROLEUM PRODUCTS PLC	
9. BUA GROUP	
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. MED-VIEW AIRLINE PLC	
26. MIXTA REAL ESTATE PLC *(formerly ARM Properties Plc)*	
27. NEXANS KABLEMETAL NIG. PLC	
28. OMOLUABI MORTGAGE BANK PLC	
29. PERSONAL TRUST & SAVINGS LTD	
30. P.S MANDRIDES PLC	
31. PORTLAND PAINTS & PRODUCTS NIG. PLC	
32. PREMIER BREWERIES PLC	
33. RESORT SAVINGS & LOANS PLC	
34. ROADS NIGERIA PLC	
35. SCOA NIGERIA PLC	
36. TRANSCORP HOTELS PLC	
37. TRANSCORP PLC	
38. TOWER BOND	
39. THE LA CASERA CORPORATE BOND	
40. UACN PLC	
41. UNITED BANK FOR AFRICA PLC	
42. UNITED CAPITAL PLC	
43. UNITED CAPITAL BALANCED FUND	
44. UNITED CAPITAL BOND FUND	
45. UNITED CAPITAL EQUITY FUND	
46. UNITED CAPITAL MONEY MARKET FUND	
47. UNIC DIVERSIFIED HOLDINGS PLC	
48. UNIC INSURANCE PLC	
49. UAC PROPERTY DEVELOPMENT COMPANY PLC	
50. UTC NIGERIA PLC	
51. WEST AFRICAN GLASS IND PLC	

OTHERS: ______________

HEAD OFFICE: 220B, Ikorodu Road, Palmgrove, Lagos. Tel: 07080606400
ABUJA: Infinity House (2nd Floor), 11 Kaura Namoda Street, Off Faskari Crescent, Area 3, Garki, Abuja. Tel: 09-2900873
PORT-HARCOURT: Plot 137, Olu-Obasanjo Road (2nd Floor). Tel: 084-303457
E-MAIL: cfc@africaprudential.com | www.africaprudential.com | @afriprud

Africa Prudential Plc, 220B Ikorodu Road, Palmgrove, Lagos.

PROXY FORM

CEMENT COMPANY OF NORTHERN NIGERIA PLC

Kalambaina Road,
P.M.B. 02166,
Sokoto, Nigeria

39th Annual General Meeting to be held at 11:00 am on Thursday July 26, 2018 in Amma Hall, Dankani Guest Palace, No. 1A, Kalambaina Road, Sokoto.

I/We……………………………………………………………………Of………………………………………………………………………………………

Member/members of the Cement Company of Northern Nigeria PLC, Sokoto, hereby appoint………………………………………

………………………………………………………………Of………………………………………………………………………………………………………

Or 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 26, 2018.

Dated this…………….day of………………………………….2018

Signature……………………………………………………………….

Number of Shares held		
Resolutions	**For**	**Against**
1. Directors' Report and Accounts		
2. Audit Committee's Report		
3. To declare a dividend		
4. To re-elect Directors Alh. (Dr.) Abdulsamad Rabiu, CON and Mr. Chimaobi Madukwe, who retire by rotation and being eligible, offer themselves for re-election.		
5. To authorize the Directors to fix the remuneration of the Auditors.		
6. To elect members of the Audit Committee.		
7. To consider and if deemed fit pass a special resolution amending article 71 of the Company's articles of association as follows; That article 71 be and is hereby amended to read *"Unless and until otherwise determined by a general meeting the number of Directors shall not be less than Seven (7) and not more than Thirteen (13), and the composition of the Board shall reflect the ownership structure of the Company"*.		
8. To approve the remuneration of the Directors.		
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.		

1. Please sign this form and send it to reach the address above notlater than 10:00 am on July 24, 2018. 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.
2. Shareholder's name to be inserted in BLOCK CAPITALS in the blank space provided. In 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, but you may insert in 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.

Before posting the above proxy form, please tear off this part and retain it for admission to the meeting.

ADMISSION FORM

Please admit Shareholder……

or in his/her place Mr/Mrs/Miss……………………………………… to represent him/her at the 39th Annual General Meeting of the Company to be held at 11:00 am on Thursday, July 26, 2018 in Amma Hall, Dankani Guest Palace, No. 1A, Kalambaina Road, Sokoto.

AHMED ALIYU Esq.
Company Secretary

Note: This form should be completed, torn off, and produced by the Shareholder or his/her nominee in order to gain entrance to the meeting.

REGISTRARS:
Africa Prudential Plc, 220b, Ikorodu Road, Palmgrove, Lagos.

Africa Prudential Plc, 220B Ikorodu Road, Palmgrove, Lagos.

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